

CAB 195/6

C A B I N E T

M I N U T E S

C.M.(48)1st Meeting – C.M.(48)

82nd Meeting

1948

C.M. 1(48).

6th January, 1948.

1. Defence Estimates. [Enter H., E.Sh., G.de Fr. & Mayhew.

A.V.A. Summarised earlier discussions and contents of memo
Still a transitional year. Long-term policy now about to be
formulated.
This assumes liquidⁿ of certain commitments. These may not all
be realised. Supplementaries may therefore be necessary.

A.B. App. 1. 375.000: shd. it be added to other figure?

A.V.A. Yes.

A.B. Will it remain constant throughout year?

A.V.A. Yes. But it is an absolute limit: won't probably be reached.
Correspondg. figure wasn't reached this year.

J. Are we spending enough on research?

A.W. Estimates for this haven't bn. cut: indeed, increased.

A.V.A. We are being criticised for using too much scientific man-power on
defence research, as cpd. with civil.

R.S.C. This doesn't include atomic research.
Limiting factor is skilled man-power. We cdn't spend more.

A.B. Strengths are out of proportion to supporting industrial force.

H.M. Speeches to support Service morale: role of Services etc.

P.M. Nos. of civilians: need to be in a posⁿ to defend this.

C.E. Comparative costs of a soldier now and in 1938. Cd. these be worked
out. 825.000 is mean strength thro' year: & cost £839 per man.
But much more at "bayonet strength".

A.V.A. How do you estimate bayonet strength? Where do you count
mechanics in REME. and R.A.F.

C.E. How much is extra cost due to improvemts. in pay & cond^{ns}.
Memo. approved.

[Exit rep^{ves} of Service Dpts.

2. Economic Affairs.

- R.S.C. Encouraging improvemt. in man-power distⁿ.
Most alarming point = pig-iron & scrap. Danger to steel prodⁿ.
Rise in Oct/Nov. in c/living & wages rates.
Table 11 is v. interesting, tho' diff. to interpret. Looks as tho' due partly to increased consumption as well as increased prices.
Overseas situation is precarious.
- A. Scrap. Are we right to rely on the merchants? Walker did much (? after last war) by adding another organisation.
- R.S.C. It is going v. well now.
- G.A.I. Man Power. Encouraging. Power of dirⁿ in b'ground, is useful.
But people are being persuaded into useful jobs. Stabilising staffs in firms which had larger turn-over. All this = good effects of C/Engagement Order.
Big build up in coal-mining in Oct/Nov.
Textiles increase also continuing.
Foreign workers 91.504 put to work by end/47 as cpd. target of 100.000 which I set for myself.
53.000 odd Poles. And 6.000 in mines. 7.952 in bldg.
30.942 E.V.W. 3.405 in cotton: 3.000 odd in agriculture:
2.198 in wool: 3.953 in dom. service: 1.580 in Hostels
Services: 2.082 in mining.
Good news all round. Confident tone of voice!
Spivs & drones are registering. Psycholog. value.
More E.V.W.'s available overseas.
Unemployed: 262.000. Lowest since records kept.
- A.B. Payment by results is beginning to have good effect.
Men are beginning to work harder.
A.E.U. still refuse to take Poles.
- G.A.I. Yes: I'm threatening them to direct B. labour to vacancies if they won't accept Poles.
Lister's, Dursley, have taken some Poles.
Stokes, Ipswich, is willing to do so.
Believe men in the works will accept them, despite Union.
Woodworkers, who stood out, have now given in.
- A.B. Why not pillory A.E.U. in Press – engineer psychological isolation of engineers? Make it clear they are alone in not playing the game over this.
- G.A.I. Agreed.
- A.B. Feed propaganda to Press = P.Q. in H/C.

P.M. Polish Officers?

G.A.I. Diff. because won't take labouring jobs.

P.M. Can't keep this up. Must wind up Polish Re-settlement Corps.
 { Report from Official Ctt^{ee}. Agreed.
 { to Labour Ctt^{ee}, who can report to
 { Cabinet what they are doing.

H.M. Textiles. Only 80% of 1936 output. Cd. H.W. spend some time in Lancs? Cd. we have some No. 10 mtgs, as we did over coal-mining? (employers & unions). Pace of improvement isn't enough. No steel or raw material bottleneck.

R.S.C. Not so simple as N.C.B. Many sections in industry: & many firms not in the associations. Won't get same results by same methods.

H.M. But wd. "spot-light" them.

H.W. Have a report now wh. I am submittg. to Prodⁿ Ctt^{ee}. We can then report to Cabinet.
 Will bring rep^{ves} of Unions to Ldn. when trouble over over-time is over.

G.A.I. Support idea of No. 10. mtg.

H.W. I go to Lancs. regularly once a month anyway.

P.M. Work twds. a No. 10. mtg. at end/January.

H.W. World prices continue to rise: but our export prices are beginning to catch up. Increase since June has bn. proportionate.

A.V.A. The larger nos. empl^d on exports aren't produc. corresp. increased output.

R.S.C. Various explanations. Nos. swollen to get more materials: nos. tooling up etc. This is being investigated.

H.M. Tobacco consumptⁿ – 80% above 1935.

H.W. Have a scheme for this!
 Have concluded 5 yr. contract for Rhodesian tobacco.

3. Mid-Week Sport in 1948.

C.E. Sporting organ^{ns} met us v. well in 1947. Football & Jockey Clubs did all we asked. Greyhound racing not so co-operative: various tracks outside the organisation. Now nearly all are

- w'in one of 2 organ^{ns}.
- Horse-racing. Petrol rest^{ns} have seriously curtailed attendance even at wk-end mtgs. Organisers think this will continue. If there is to be basic this summer, shd. have to ask for big races to be run on Sats. For H/C. thght. last year we discriminated against horse-racing.
- Football. Can ask organ^{ns} to do same as in '47 – no real hardship. But “local Derbies” outside their control.
- Greyhounds. 1947 Act expires in June & thereafter will be legal to have 2 mtgs. a week. Sugg^d: one Sat. mtg. + 1 evening mtg. after 7 p.m. In '47 we argued by ref. to double-shifting: has that bn. achieved in fact? If not, how do we justify interference in '48. We cd. prob. agree with the organisations on basis of 1 Sat. mtg. & 1 after 7 p.m; & that wd. avoid further legⁿ, wh. I shd. find difficult.
- P.M. What has bn. the effect?
- R.S.C. On Prodⁿ Ctt^{ee} all agreed tht. it shd. be continued.
- G.A.I. Some evidence from Regions. Lincoln Handicap: T.U. rep^{ves} on Bd. wd. welcome extension.
Sc. F.A. contemplatg. replays mid-week.
Yorks. area. 65.000 at N.U. match mid-week.
50% absenteeism in mines because N. Year Day matches.
- A.B. Psych. absurd in present econ. circs. to allow mid-week sport. Can't keep men on the job when sporting events occur mid-week. Even greyhound racing after 7 p.m. if double shifts are working.
- G.A.I. Will enquire what is position re 2-shift-working.
- A.W. Sc. labour interests favour continuance of the ban.
- P.M. Distribution workers who can't get away on Sats.
- R.S.C. Mustn't give appearance of relaxing.
- P.M. Agree: but Prodⁿ Dpts. must support Minister in H/C.
 Agreed { General line continue rest^{ns}.
 { Greyhound racing: not after 7 p.m. because
 { of mining.
 { Legⁿ Ctt^{ee} to consider why legⁿ is really requ^d.
 { Horse racing on Sat., incldg. Lincoln &
 { National.

4. Summer-time in 1948.

C.E. Agreed: No more double-summer-time.
Single summer time: propose 14 Mar. to 31 Oct.
T.W. Don't wish to object.
Agreed.

5. House of Lords Reform.

A. We shall have to pronounce on these issues. We haven't considered them. Subm^d this memo. to focus discⁿ.
Four essential cond^{ns} in para. 4.
Para. 3. Can't find that Party have ever taken firm decisions.
If not single Chamber Govt. (& I wdn't favour that) you can defend status quo (not easy) or adjust it or invent somethg. new.
Last in too diff. as shown by Bryce Rpt.
Hence para. 4.
(ii) Shd. be power to create Life Peers. Men willing to serve in H/L. who don't want to saddle families with it.
(iii) No diff^{ce} of opinion on this, surely.
(iv) Some Labour members who wd. be useful are prevented by lack of means from acceptg. Peerage.
(v) This is obvious – tho' not so important if we achieve (i). These wd. be pre-conditions of any discussion.
(i) I have had many informal convers^{ns} with Salisbury & Samuel. I have made (i) axiomatic. Salisbury wants to find an accommodⁿ – doesn't want a fight.
I wd. not therefore put it as certain tht. Bill will be rejected.
Salisbury will try to get it passed 2nd Rdg. & discussed in Ctt^{ee}.
Suppose there must be some talk with Labour Party about this.
But we must face this issue.
Appendix. If hereditary right to attend & vote were abolished a new right wd. have to be created – one Clause Bill & new qualifications in a Schedule.
First creation is so large because since 1801 (? 1881) all new creations have been U.K. creations.

P.M. This issue will be raised in H/Lds. Opposⁿ will put fwd. some proposals for rationalising H/Lds.
We have proposed (in Bill) clipping of wings.
If H/Lds. is to be reformed it must have no effective pol. power.
Do you need 2nd Chamber at all? In theory, no. Perhaps however, useful as revising power if no concurrent leg^{ve} power.
Changes of Govt. & new creation of life Peers each time will result in a larger House.
Line of least resistance in L.P.S. memo. on basis tht. all effective work of H/L. is in fact done now by 1st creation Peers.
Other points to be considered a) Judicial Functions & Law Lords.
b) Bishops. Favour leaving them as they are. For many are now

- Labour.
I'm committed to "no 2nd Chamber". But this isn't inconsistent with revising Chamber.
Disposed to consult the Party.
- H.M.
Inclined to agree.
Wdn't mind leaving things as now.
Wdn't like to propose reforms because Tories ask for it.
Life Peers right in principle.
Cd. make elected 2nd Chamber. But = Bd./Alderman: removes dignity: makes it too logical. Value of ceremonial.
Need for something reasonably irrational.
Cd. you do w/out 2nd Chamber? The more I see of legⁿ in practice the more I doubt it. Scope for later amendment. Otherwise there wd. have to be extra stage in H/C.
Bishops – inclined to favour P.M.'s line & leave well alone.
Don't be too logical: for I don't want R.C. representⁿ.
Shd. consult Party on point tht. we intend to have discussions.
Let National Executive know also.
- A.B.
Why shd. we grasp this nettle? What have we to gain?
What a controversial issue to put to Party.
Time. Pestered over Bills wh. we say we have no time for. And serious measures of social reform This = frippery.
If you touch H/L. at all you must do it sensibly. Must therefore start de novo, examine functions etc., - and no historical hangovers. Either a sensible 2nd Chamber or an irrational survival. What of Churches? If we alter this, it is us who will have to shoulder blame (not history) for havg. C/E rep^d & no other religious body.
If any 2nd Chamber, why the H/Lds? All the other ideas will be canvassed. "Industrial" Chamber etc.
Practical point re amendments is nonsense.
Leave it alone – irrational, colourful, historical as it may be.
- A.W.
This argument assumes we are takg. initiative.
I thought it was a ques. of our attitude twds. an initiative from Opposⁿ.
If all we are doing is to clip wings of existing body, we haven't to face all these 'de novo' ques. Excluding hereditary principle = only further clipping of the wings. And, if that is to be done, & H/Lds. is to be cont^d, power to create life Peers is essential.
- C.E.
Can't accept doctrine tht. 195 Peers of 1st creation shd. have a right to attend & vote. If hered. princ. goes, it shd. go altogether: & existg. chaps must make the grade like all others.
Bishops. This = 1st Cab. with non C/E. majority. What a thing for us to do. Effect on non-conformist & Presbyterian opinion.
We can't ignore rep^{ns} by Opposⁿ tht. they want reform considered.
For if we decline, we shd. encourage Tories to take it up

when in power & put thro' somethg. we dislike more.
This = our chance to get lasting solution acceptable to ourselves.

- P.M. If we don't take this up, we may imply tht. we like H/L. as it is.
- A.V.A. Well? Thought our view was tht. Party wdn't accept anything less than their maximum & that that might be regarded as outside our mandate.
Does it matter if H/L. delay this Bill for 3 Sessions.
- A.W. But suppose H/L. put into this Bill their ideas of H/Lds. reform by amendment.
- J. If we don't deal with this, Tories will.
Argument: The more logical you make the 2nd Chamber, the more you strengthen their claim to powers. If Tories take it up, they may not only reform it but amend its powers.
I therefore favour doing somethg. now with which we can agree.
- R.S.C. I wdn't associate myself with any reformed H/Lds. with any Sovereign powers. A reformed H/Lds. shd. not have even the reduced powers as under current Bill.
- C.E. Must have some powers: & these seem minimum.
- T.W. Support H.M.'s practical point re amendmts. in H/Lds.
If we had to move careful in H/C., our volume of legⁿ wd. be much reduced.
- R.S.C. Agree to revising Chamber.
But Party has no policy on this. And thousand diff. ideas.
How can you get a Party decⁿ – w'out a complete scheme.
Procedure will have to be altered. Must be, not a Chamber with diff. composⁿ, but diff. Parly. procedure as a whole.
No-one has really examined this.
This is not a revising Chamber – only a stunted H/Lds. And yet it will raise all the diff. points.
If we are to go into this line of business, we must do it properly.
- A.B. This wd be embarkg. on written constitution.
- P.M. Danger of too much logic.
Your logical 2nd Chamber wd depart from B. tradition. Our method is to build on past, adapting it.
House of Lords was essentially hereditary. Now we propose to keep it but abolish hereditary principle. Typically British.
- Powers. Limited by Parlt. Act & now by current Bill.
This = minimum to ensure tht. sugg^{ns} of a revising Chamber

are considered.

- R.S.C. But O's in Council. H/L. have absolute power there. I cdn't accept that as permanent position.
- P.M. Status quo: diff^y of getting our chaps to go there. This is practical diff^y & increasing.
- R.S.C. How wd. you enforce para. 4(v)?
- A. As best you can. Can't do it really. But wdn't accept cond^{ns} which suggested tht. balance wdn't be reasonably level.
Driven to this memo. by the facts confronting us.
We shall get these rep^{ns}. We must know how to meet them.
May give us opportunity.
The "logical" school will get nowhere. Traditional B. developmt.
method = only practical hope of getting anything.
If we don't do somethg., someone else will.
- G.A.I. Can't avoid discussions.
Better to go in, w'out any policy of our own, & hear what they say.
- P.M. Must insist on Bill going thro'.
Must wait until approach made to us by H/L. Opposition.
Must adjourn this (v. useful) discussion pro tem.
- A. Want a decⁿ & consultⁿ with Party before 2nd Rdg. of Bill in H/L. in 3 wks' time.
- A.B. Wd. leak out into Press & cloud issue over this Bill.
- P.M. Can't we repeat – willing to consider any proposals when Bill is thro': but want the Bill first.
- C.E. If we show willingness to discuss, they may p'pone 2nd Rdg. until disc^{ns} proceeded some way.
Don't want to go into disc^{ns} with hands tied by Party.
Want to see the Opposⁿ proposals first.
Don't want to appear tht. we are takg. initiative.
- P.M. { Don't raise it with Party until approach
/x/{ has actually bn. made, & proposals submitted.
- H.M. L.P.S. shd. be authorised to tell Salisbury tht. we are ready to talk if Bill goes through.
- P.M. Don't want to promise to talk. Only to listen.
Don't let us raise this hare at all.
No harm in L.P.S. having informal exchanges.
- R.S.C. We mustn't get committed to serious discussions with intent to act.

P.M. No: for Party might take the line that either you abolish H/Lds. or reform it logically.
Repeated x/.

H.M. Then A. can't hold his posⁿ. Can't he say: "if you pass this Bill we are ready to enter into bona fide discussions re modific^{ns} in composⁿ of H/Lords."

R.S.C. This does commit us, e.g. not to abolish H/Lds. }

A.B. And to a 2nd Chamber wh. is only a modified H/Lds. }
And on neither point is Cabinet agreed.

P.M. W are not in a posⁿ to bargain with Opposition on this.

A. I will submit a draft of what I shd. like to say on 2nd Rdg.

1. The Antarctic.

- E.B. Don't like a) or b).
- R.S.C. Can't we refer to Internat^l Court?
- E.B. Yes: press them harder on this. On this island, we have a good case.
- C.N.S. 28 days to get a cruiser there: must have early notice if we do b) or c).
- R.S.C. More vigorous pressure. Argentine Amb. here is a lawyer.
- A.V.A. Strategic interest., esp. if Panama situation changes.
This = 1st real approach to B. dependency in naval strength.
Must consider effect on other claims to our Colonial poss^{ns}.
- P.M. Good claim: real interest. Must be satisf. on both points.
- G.W. Consult N.Z. & Austr. because they have rockier claims than ours
in this area.
Agreed { E.B. to go into more vigorously
{ C.R.O. to warn N.Z. & Australia.
{ Govr. to keep away pro tem.
[Exit Hall, C.N.S., J.S.

2. Tourist Travel.

- R.S.C. Wise to relax before summer.
Diff. ease = Switzerland. Must try to divert people e.g. to France.
- C.E. Link up with mid-wk. sport. For this f. travel is regarded as a
class matter.
- R.S.C. But much W.T.A. in this.
- C.E. Merits apart, this = political cry.
- A.B. Unfortunate public consequences if this announced w'out anything
re petrol. Latter v. unfair to honest citizen = adminⁿ can't be
defended. If you can't do petrol, don't do this.
- A.W. Supported A.B.
- P.M. Look at the two together.
- R.S.C. But no chance of relaxing petrol.

- A.B. Then we can't relax foreign travel. These are related in public mind, even tho' not in fact.
- P.M. P'pone for a week (Tues. next) and consider petrol/travel together.
Memo. from H.G.
[Enter Pakenham]
3. Germany.
- E.B. Have bn. striving for really democratic Germany.
Dangers of Police State. Spreading now to Czechoslovakia. Reign of terror. If that is allowed to extend to Rhine, it will spread to Gib. Must be stopped.
Shan't close door to united Germany – that wd. provoke irredentist movemt. fr. R. side. But can't go on w'out giving more real responsibility to Germans.
Must develop trade with East Germany & satellite countries – from W. Zones.
At Potsdam we were confronted with U.S. scheme on reparations. At Yalta understanding (U.S./R.) that reparations wd. be a) capital b) current prodⁿ. Tho' W.S.C. reserved our position, R. claim agreemt. reached. At Potsdam U.S. sought to settle rep^{ns}: & we accepted 15% exchangeable and 10% free. I always regarded that as distinct fr. all other Potsd. dec^{ns} because other Allies participate in repar^{ns}. If R. takes her %age & we deliver only to other Allies, we are takg. unjustified unilateral action. Sugg^d to be tht. delaying deliveries to R. will put pressure on them. But I don't believe it will affect them in fact. The amount is so small tht. it's not an issue we ought to fight R. on. Also, if you deliver to W. & not to R., you open R. claim to rep^{ns} from current prodⁿ. Want therefore to resist being dragged into row on this issue by U.S.
Dismemberment. Sugg^d by Stalin, but U.K. never accepted it. And at Potsdam R. switched over to centralisation. We have stood for Federal arrangemt., with some central authority but large powers to Länder.
Bringing other countries in – C.
General consensus of opinion in favour of Federal Europe. Ques. is who shall control it? Our course shd. be – let it evolve, & prs. seek via media betwn. R. Communism & U.S. capitalism.
This is my general approach to Germany – Pro-European.
- A.B. Favour these proposals on Germany.
But needn't be an anti-Soviet policy.
- H.W. Think we cd. begin to be tougher in our econ. bargaining with R. Zone. Large quantities of steel (going thro' to R. itself) wh. we cd. bargain for more wheat.
C.P.(48) 5 – approved.

4. Austria.

- E.B. Import^{ce} of clearing this – a) to disentangle from Germany.
b) to get our troops out.
If we can cut down R. extra-territorial operation of plant & R. claims to G. assets. I hope w. Powers will make some sacrifice to assist Austrian economy. Unhappy about our oil claims – doubt if companies did exploit Austrian resources as much pre-Hitler as post.
- H.M. What line shall we take over R. claims?
- E.B. Three aims a) look after Carinthia, so Yugoslavs don't pinch it.
b) develop industry in w. Zones of Austria.
Really in the air until we know what R. attitude will be.
- C.E. Can it ever be viable?
- E.B. Yes – if they had control of resources in R. Zone.
- A.B. And on organisation.
C.P.(48) 9 – approved.

5. Foreign Policy.

- E.B. Didn't expect Marshall Offer wd. precipitate this so violently.
But R. decided it was "now or never" & must bring it all to a head. R. decided to try to smash w. Europ. countries (economically) before a w. union cd. be brought into effective existence.
French expect next upheaval in Feb.
Considered too wtr. strikes in U.K. cd. be provoked Mar./Apl.
W. world was awake to it & prevented it.
How long can we afford not to have w. Europe organised.
- P.M. Must now have a positive policy. Not enough merely to denounce R.
But can't close eyes to what R. is doing – appeasement. That leads to E.B.'s conclⁿ.
- A.B. Emphasis in pp. makes me uneasy.
"Mustn't become handmaid of U.S. policy." But in practice, it means an anti-Sov. policy. For our middle policy doesn't come out clearly. We are always in anti-Sov. posⁿ. For our policies always commend themselves to Tory newsp. That makes me unhappy.
We say 3rd Force: but what we do is anti-Soviet with Right support. E.g. Greece. A Socialist policy wd. have strengthened Gk. centre. But in fact we have supported a Gk. Govt. wh. is v. re-actionary. cf. also references in memo. to Spain & Portugal.

This picture of world sitⁿ is accurate to-day. But it won't last.
 The cultural watersheds of satellite States flow West. And R. can't
 make them turn eastwds. Trade can make for intercourse there
 wh. will enable us to penetrate the curtain.
 R. offensive now because they are weak & frightened (by U.S.
 Press etc.). And no wonder. No reason to fear war fr. Russia –
 agrarian masses can't pack a punch.
 Our course = avoid immutable dec^{ns}. Pursue active social policies in
 Europe in such a way tht. we are criticised by the extreme Right.
 Matter of emphasis.

P.M. Real Left will get capitalist support on e.g. civil liberties.
 We mustn't be frightened when Tories applaud our liberal
 views.

E.B. Greece. Is strategic area. R.'s imperialist aims in Greece. We
 resisted that drive down to Med.
 We tried to strengthen Gk. centre: but they won't stand up.
 And Gks. voted for Royalists for sake of security, law & order.
 Tie-up with U.S.A. Inevitable because we cdn't carry the cost any
 longer.
 "R. doesn't want war." True: but she will be as provocative as
 possible.

H.M. Sympathise with A.B.'s fear of support from Right. Don't care for
 having to attack Russia. But how can we help it on the facts.
 Any discⁿ on f. affairs = 2/3rds on the mischief-making activities
 of Sov. Union & their imitation of Hitler's tactics. And the
 success of those tactics.
 And R. propaganda continues – thro' local Communists and fellow
 travellers. Which is more dangerous than R. radio.
 We are therefore bound to include some criticisms of R. system &
 activities & aims. To weaken their influence.
 But one doesn't do this with pleasure. And doesn't like the Tory
 applause wh. it brings.
 We mustn't however be driven into too much anti-R. publicity.
 And the more positive element we can introduce, the better.
 Welcome w. Union idea. Trouble will be: Doms. & Col. Empire.
 Need for closer inter-dep. orgⁿ to work on f. policy issues which
 involve economic ques. (F.O., Planners, B/T. etc.)
 Can we carry cost of any part. f. policy?
 Much to be done on detail of a positive policy. Shd. be
 interdep^l discⁿ of that, too.

E.B. Not going to make these pp. public.
 No intentⁿ of making anti-R. attacks in my speeches.
 My duty is to develop positive side.
 Believe I've done this in last 2 years. Constructive work which F.O.
 have done all over world in last 2 years.

- Trade negot^{ns} etc., have shown U.K. is still most constructive leader in world.
 Positive action in welcomg. Marshall Plan, and organising Europe to receive Aid.
 Now there is a chance of a w. Union – informal, with no written constitⁿ.
- R.S.C. H'to have opposed idea of w. Union – in hope of understandg. with R. Convinced now we are driven to it, as prime necessity for our econ. survival: together with Africa.
 That is least that will balance with R. and U.S.
 Share A.B.'s dislike of Tory support. Explⁿ prob. is that Tories here are Liberals – no extreme Right people of the kind who are willing to associate with Left to extinguish Centre.
 W. Union must be on a Socialist basis. Wd. therefore prefer to leave Spain and Portugal out pro tem.
 Shd. therefore work out precise steps. Around what are you going to organise this? Defence: economic system? V. diff. to organise round a sentiment. Problem will be to find a point of focus
 ? Socialist principles.
 Start prs. with France, with her "Third Force" Govt.
 Emphasise socialist content of this f. policy.
- E.B. Portugal. Can't ignore her, if you want Africa in this sphere.
 Despite her unwelcome political system.
 Spain, of course, is another story – until we can get Franco out.
- C.J. Can't ignore Portugal if anythg. is to be done in organising Africa.
 Have opened disc^{ns} with them in Ldn. They are anxious to pursue this. Useful results can be secured cf. in outlets for Rhodesia etc.
- P.M. How will you build this up? Not by constitution. Not by Socialist propaganda alone. Cultural links – f. travel important there.
 Needs action on v. broad lines.
- H.M. Can some organⁿ like Marshall Ctt^{ee} in Paris work this out – with C.O. & C.R.O. added?
- E.B. Move already to keep the 16 countries together.
 My aim since '45 has bn. to save outer crust of Europe.
 Effect of R. refusal of M. Aid has bn. to keep together the ring of S/Democratic countries.
 Dependence on U.S. I have tried to keep clear of it. As soon as we can afford to develop Africa, we can cut loose from U.S.
 My aim has bn. to develop B. influence in the heart of the world – thro' Med. & M/East to India, and thro' Africa to S.E.A.
 Disengaging somewhat from S. America. Thus leaving U.S. and R. to clash on the fringe i.e. in F/East and on n. frontiers of Canada.

- A.B. We always assumed tht. R. wd. meet her sociological frontiers when she came up v. developed material civilisations.
That's all right. But represent it, not as anti-Soviet policy, but as natural defence of w. Europe.
- T.W. Civil liberties – freedoms etc., etc.
Support E.B. and A.B. too.
E.B. must say somethg. in F. Affairs Debate about U.K. attitude to Soviet policy.
- J. How & around what are you to build w. Union?
Defence: economic: cultural: Or all three?
- E.B. Begun with Anglo-French Ctt^{ee}. Economic.
Next: technical developmt. of Africa. Must be quiet about that because don't want to bring U.S. in.
Next: cultural. Means re-organising B.B.C. Want it linked into a w. European system. As at Singapore – one informⁿ service for S.E.A.
Will a 2nd language (compulsory in schools) be necessary in U.K. ?
To facilitate a w. Union.
- P.M. Can you get a single Radio in Luxembourg? For W. Union.
Cd. P. Gordon-Walker look into this?
- E.B. Possibly by developing central Radio in W. Zones of Germany.
Defence. R. has now 300 m. In w. Europe, w'out Germany prs. only 150 m. but with Africa added we cd. be larger than either R. or U.S.
- R.S.C. Seeking better econ. balance in world – seek grouping of R., U.S., W. Europe and Asia (later). That wd. be sensible & non-provocative.
- P.M. Let E.B. circulate his speech to T.U.C. in 1932.
- P. Encourage G. leaders to hope G. will soon be included.
They are excluded pro tem. for reasons diff. from those for excludg. Spain.
Let them come to mtgs. Encourage them to think a chair will be kept for them at the Table.
- G.T. Effect on U.K.
Diff^{ies} due to encouraging idea only black or white.
Tory support for any attack on Soviet.
Not a ques. of pro-Soviet or con.
Need to emphasise line taken by P.M. in recent b'cast viz., trouble due to R. refusal of our offer to work with them.
Categorical denials backed up by proof.

- A.V.A. In short, tell the truth about Russia.
- A.W. R. has herself destroyed all the influence she had with working in U.K. Let her continue to take the blame for refusing to co-operate with world.
- C.J. Colonial Empire & Propaganda.
Have overhauled informⁿ services. Tried to interest B. newspp. in Col. work. Strengthened T.U. movement. Have used film & B. Council work.
Cultivated students in Ldn., who will be future leaders in Colonies. Linked them e.g. with W.E.A.
News-service to African Press.
All this is positive work with anti-Communist effects.
- P.M. Congress of Europe – proposed to be called at Hague.
- E.B. Am consultg. Morgan Phillips & Healey.
Diff^y about W.F.T.U. Means T.U.C. shdn't go to this.
No diff^y, however, in Labour Party being represented.
.....later, discovered E.B. was talkg. of somethg. different.
And knew nothing of it.
- P.M. Gave further particulars. Linked with W.S.C.'s European organisation.
- R.S.C. Otherwise a good lot of people.
- P.M. L/N. Union sort of idea. What is to be our line?
- A.B. Assocⁿ with this will put us wrong.
- E.B. I won't touch it – because I wasn't consulted!
- P.M. Ques. really is – attitude of Labour Party. Will E.B. consider and advise.
- E.B. V. well.
- A. Remember Dom. interest. N.Z. & Australia will favour this.
Take care to see tht. C.R.O. are consulted.

6. Leakage of Information. On H/Lds. discussion.

C.M. 3(48).

13th January, 1948.

1. Fats Ration.

[Enter J.S.]

J.S. Important. Potatoes look bad.
Can do the fats – clearly until April & thereafter if Danish
negot^{ns} go well.
Not a large calory increase: but will enable more bread to be eaten.
Fulfil policy of getting more from non-dollar sources.

P.M. Cd. you do this even w’out Argentine supplies?

J.S. Yes – from stocks, until Apl.

R.S.C. Do this: but no commitment after April yet & announce as temp^y
increase out of stocks as near to Feb. as possible.
This will be helpful to us in negot^{ns} with Danes.

J.S. Must give a fortnight’s notice. Otherwise, I agree with R.S.C.

R.S.C. V. well: but hold until next Mon. if you can, viz., announce on
last day enabl^g. introdⁿ on 1/2 & explain in advance to Danes.

H.M. Specially worded announcement on B.B.C.

2. Allocation of Resources.

[Exit J.S.]

[Enter D.J., C.K., B., H.G.]

R.S.C. As in memo.

A.B. Content – discussing labour this p.m.

P.M. Statement in v. woolly, needs clarification.

A. 4th para. Why “now” necessary to expend exports?

R.S.C. Because P.M.L. didn’t extend to exports.

H.M. Para. 3. “favoured by mild autumn.” Unwise challenge to weather!

P.M. Stress natural change in developing situation.

T.W. Amendments to C/Exch.

[Exit D.J., C.K., B.]

3. Gas Bill.

H.G. Much in common with Electricity. Main difference = give Area
Boards more power because no centralised generation.

Areas discussed fully with industry.
 S.I.M. proposed appt^{mt} “after consultⁿ with S. of S.”. Parly. Counsel
 objected to this, on constitutional grounds. cf. Sc. Board.
 Gas Council. One function will be to examine cap. developmt.
 But no power to over-rule Area Bds.
 Area Bds. Full-time Chairman & Vice-Chairman. But left at
 large in Bill.
 Not in favour of functional Bd. Favour remaining members
 part-time. But want scope for further experiment.
 Diff. views & people changing views.
 Full-time members tend to become functional.
 Shall prob. recommend changes in N.C.B. – away from the
 functional basis.
 Don’t want to be tied down on this.

P.M. Must have a view by 2nd Rdg.

H.G. Shall start with Chairman & Vice Chairman whole time. But must
 reserve right to modify in light of experience.
 General support for that view.

A.V.A. Centralised prodⁿ of coke - oven gas?

H.G. x/ Power for N.C.B. to work out such schemes with Area Bds. &
 submit to Minister.

H.G. Gas Council. Will be national advisory body. But main function =
 central financing body for industry. Central Guarantee Fund:
 Area Bds. autonomous unless they draw on that: then they
 must conform to dir^{ns} by Council on financial behaviour.
 We here take over non-statutory undertakings – large no. of small
 ones. In electricity we allowed them option.
 Coke ovens. Final decⁿ with N.C.B. is at x/. [Enter A.W.
 In default of agreemt., Minister can require each party to
 submit scheme & may impose one of his own. And, after
 enquiry, he may take over, with special Parly. procedure.
 Consumer protⁿ – much as in electricity. Price control via control
 of dividends won’t now apply. Hence Consumer Council.
 Provⁿ in Bill for Minister to refer their complaints to
 independent referee.
 Compensation. a) Severance. £5 m. for electricity. Propose £2 m. for
 gas.
 b) Dissipation of Assets before Vesting Date. Some
 electricity undertakgs. (municipal) have bn. doing this via
 rebates. Propose not to provide for it in this Bill. Do it first for
 electricity by Order of basis of things actually done: then amend
 Gas Bill.
 c) Redundancy. Similar prov^{ns} in Elect. & Transport
 Acts. But stat. protⁿ for gas employees (via private Acts) were
 less comprehensive. H.M. therefore thinks we shd. not go so

far – esp. re worsening of cond^{ns}. I think differences (between this & other Acts on this) will involve us in serious diff^{ies} in Unions. Think therefore we must have same provⁿ in Bill. Doesn't commit us to same Regs. Room to discuss with Unions e.g. diff. treatment for diff. classes of employee.

- R.S.C. Policy h'to = follow practice of industry. None in gas for worsening of cond^{ns}. If we expand this, steel workers will want the same & we shall have no ground for resistg. it. Can stand, up to now, on basis merely continuing past stat. practice. If we go beyond that, can we resist demands from miners, lorry drivers etc.?
- H.G. There was some provⁿ in private Acts, but didn't extend to worsening of cond^{ns}.
- A.B. I've resisted this kind of thing in L. Govt. Act, N. Health etc. How can I go on resistg. it in my field (with more precedents for giving way) while Ministers nationalising in industrial field chuck these concessions away.
- H.M. Agree with R.S.C. & A.B. We must resist T.U. pressure on this. Precedents in L. Govt., Ldn. Transport etc. are v. fierce. Must set our face v. applying those precedents in wider field. Dangers of people working a racket over this. Salaried even more than workers. Stat. protⁿ under Rlways Act – M/T. wanted to extend that to road employees. We stopped him because of repercussions on e.g. miners. Apart fr. money involved, we don't want to encourage mood that no-one can be asked to change his job w'out compensⁿ.
- G.A.I. Agree with H.M. Dangers of letting this spread. Shdn't go beyond continuing existg. statutory protection.
- A.B. What about re-grouping pits – if this were conceded to miners.
- P.M. Then, if you are going to stand on this line, you must be firm.
- A.V.A. In opposition, we have always backed T.U.C. in demanding this.
- A.B. Not always. I was against it on Electricity Acts.
- G.T. Was there any extension of state. protⁿ in El. Act?
- H.G. Not in form.
Agreed: no extension. H.G. to inform T.U.C.
- P.M. What of dissipⁿ of resources?
- H.G. Can prohibit rebates: diff. to prevent them fr. keeping prices down

when they shd. be raised. Am discussing with Ty.

- A. Powers of Minister as cpd. with Council & Bds.
Para. 4 (c) & (d) of memo. Doesn't this leave Minister v. isolated. What powers will he have under para. 2. & on whose advice will he exercise them? Who has a say on tariffs?
A matter for Bds. unless Minister intervened?
Shd. there not be a buffer to advise Minister on these issues?
- P.M. Consultative Councils. And Minister can consult Gas Council.
- H.G. And complaints by Consult. Council may be referred by Minister to independent Referee.
- H.M. On price-fixing this Bill follows Electricity Bill.
Agree we haven't finished with ques. of consumer protⁿ on price.
Don't want all socialised ind^{ies} on exactly same pattern. Here was opportunity for more de-centralisation: right to try it.
Chairman of Gas Council will be independent person.
- A.B. Don't like this policy of takg. industries out of private hands & passg. them back to statutorily irresponsible Boards.
- J. Minister's strength is power to give general directions & power to sack the Bd.
- H.M. A.B.'s argument really leads to direct adminⁿ by Govt. Dpt. on G.P.O. model. Somethg. to be said for that on electricity and gas.
Or ??? Commⁿ, B/Control, B/Inland Revenue. Then they are Civil Servants.
- P.M. Then daily adminⁿ is subject to Parly. control. Need to avoid control by P.Q.
- A.B. Health Services will be so controlled.
Shall have to consider this further – it is dividing the Party.
- G.T. Who decides developmt. issues as between. gas & electricity?
- H.G. I do, under M/F & P. Act. And powers under these Acts to approve developmt. plans.
- A.B. Transfer of municipal undertakg. to Bd. = transfer to body with lesser degree of accountability to public.
I argue that power of Bd. shd. derive from Minister.
- H.M. And then Minister is accountable to Parlt. for daily adminⁿ.
- C.E. Case for variety.
Wd. have liked to see Electricity directly administered by a Govt. Dpt.

H.M. So wd. I. But too late now.

A.V.A. Don't like these irresponsible Bds. Too like Corporate State.
We must watch this development.

H.M. Other diff^y = rate of salary must be higher than in C. Service.

J. Avoid uniformity. Learn by experience.

A.W. Welcome this because more flexible.

A.B. Right of Bds. to promote legⁿ. Surely wrong.

H.M. More convenient – private Bill – saves time.
When not so, Minister can with-hold his approval.

P.M. But private Bill legⁿ was a ramp. And shd. be cut down.

A.B. And still are a ramp.
And why shd. these bodies have right of access to Parlt.

H.M. It wd. be a hybrid Bill even if Minister promoted it.
Power to oppose. Either they must have power to oppose, or Minister
must do it on their behalf. Latter not desirable.

P.M. May be a Bill promoted by a l.a. with M/H. approval.

H.M. Why shdn't Bds. oppose those?

R.S.C. Can only be a Bill affectg. private property. Can't affect any public
issue.

Appointment of Sc. Board.

H.G. Constitutional issue re "after consultation."

H.M. Think joint appoint^{mt} is worse.

R.S.C. x/ Can't you give assurance in Parlt. there will be consultⁿ.
There isn't joint responsibility here.
Agreed x/ Vote down the Sc. Members!

M/H. and B/T. will raise small points direct with M/F. & P.

1. Foreign Travel and Basic Petrol Ration.

- H.G. Wd. v. much like to restore basic. Pol. & admin^{ve} diff^{ies} of m'taining rationing w'out any basic.
But 3 pre-cond^{ns} as in memo.
Dollars: saving secured (as in memo).
Supply: recently reviewed by Cab. on basis of tanker diff^{ies}. For next few months little hope of getting oil we want. U.S. tankers coming in more strongly & trouble at Haifa. Tho' in last resort, we cd. get it by forcing cos. to starve some of their markets. In second half of '48 posⁿ will be easier qua tankers. Tho' supply & dollars will still be tight.
Adminⁿ: enquiry (under Russell Vick) into black-market. Diff. will be not diagnosis but cure.
No ques. of restoring it at once. But if M. Aid given big pressure for it. Must therefore prepare – as we are doing on “adminⁿ” enquiries.
- P.M. Will be sugg^d tht. people who can't motor at home can go abroad & use sterling petrol there.
- H.G. Only ¼ or ⅓rd of basic ration is going to soft currency markets abroad.
- R.S.C. We must keep Europ. economies going: they wd. otherwise have to buy dollar petrol. Essence of Marshall is tht. soft-currency countries shd. help themselves as much as poss.
- B. But many of these countries are easier on rationing than we.
- H.G. Because they can't control Black Market.
- R.S.C. They pay soft-currency for it abroad: but dollars here.
- H.G. Agree it's diff. to get over. H/C. so far has accepted “political” (F.O.) argument.
- A.W. Can you relieve hardship e.g. for miners & agric. workers' bikes.
- H.G. Is given for going to work.
Real diffy. = where you draw the line. Social purposes in rural areas can't be met w'out anomalies.
- B. Nothing but basic will really meet this.
Wd. cost 5 tankers to restore it all. Tanker diffy. won't prevent restoration later in the year.
Try for restored basic, by cutting E. & S. allowances.
- T.W. Para. 8. Increase in commercial use. This is direction in which to secure savings.

- A.B. Diff. P.R. point. But is it escapable?
 F.O. want inter-commⁿ in Europe: so do Labour Party.
 Ty. want to announce it now, qua negotⁿ, tho' travel won't begin until May.
 Face the fact tht. we can't hope to hold basic petrol until end/48.
 Admin^{ve} enquiry may save, via abuses, equivalent of basic ration.
 Anyway can't hold posⁿ tht. any spiv can get petrol while respectable citizens can't.
- R.S.C. Can't pledge dollars now for later in summer.
- H.M. Taken months to get public to realise our econ-diff^{ies}. If we let up now (? on either) public will assume things are easier & we'll never re-convince them.
 Travel: will public realise reasons why one country and not another.
 Petrol: means giving way to campaign. Black-market is disgrace.
 We shdn't accept it. Shd. be fought on its merits.
 Moment is not ripe for any breach in "austerity war".
- R.S.C. Will you deny all relief because diffy. of explaining why you can't give more?
 F. travel (on basis of no dollars or gold) shd. be explicable.
- A.W. Max Intrator – idle rich & loafers. Impression tht. these are the travellers.
- R.S.C. £35 limit. It's not the rich who will benefit.
- P.M. English hotels will complain – favour to foreign competitors.
- H.W. Make it condⁿ tht. no cars are used by tourists, either way.
 Tho' we shd. allow dollar tourists to bring cars.
- A.B. You won't hold this posⁿ in summer.
- P.M. May be able to explain the dollar-earning element in this.
- H.W. Make a proportⁿ of the £35 payable only in vouchers. Limit on cash will help.
- P.M. Money put up by friends abroad.
- H.W. Tourist earnings in '48 shd. be record. 125.000 dollar passages already booked. Tourist Bd. say – hotels can't carry on because not getting home trade because lack/petrol. Sample: 200 hotels. Stratford 70% down cpd. '47. Many closed or closing. Losing staff; won't get them back. Shall therefore lose millions of dollars this year because U.S. tourists won't stay and even more in '49 because they won't come again. They wd. spend 30 m. dollars in U.K. alone w'out purchases of presents or dollars on

steamer & aircraft fares.

H.G. Ques. is – will hotels open again in summer? They prob. will. But because lost earnings won't make themselves as comfortable. Will they recover staff?

T.W. Staff movemt. is more than seasonal.

G.A.I. If we place them in industry we shan't want to send them back.

G.T. Support R.S.C. on educational grounds. Can't distinguish easily betwn. ordinary tourists & educational travellers. But, if no relaxⁿ, shall have to consider special facilities for educational exchanges. Don't want exceptional treatment.

H.M^cN. Problem of presentⁿ.
But if basic cd. be restored by June/July & we had not arranged for f. travel, we shd. then have another kind of problem.
Large nos. of workers & m/class who have no car but went abroad pre-war. These will make the opposite complaint – cars for rich & no travel for us.

J. Mistake to let up anything now. Coming diff^{ies} of summer months.

P.M. I can't convince myself, let alone public, that it is sense to sell sterling oil to soft-currency countries.

R.S.C. Decided ad hoc in bi-lateral deals wtr. we gain on balance. Same with coal & other commodities.

P.M. But we don't buy coal for U.K. in dollars.

A. Figures are disconcerting. These sales are not new because of Marshall or O.N.C. negotiation. They are standing practice of oil cos. And fact is we are selling to soft-currency countries in Europe more than we wd. be using in U.K. for basic.

H.G. B. cos. don't produce enough for all sterling area. 1½ m. tons deficit. They export to f. countries about 2 m. tons.
Gross deficit of 3½ m. tons comes fr. dollar sources.
But sale of this oil to soft is same as sale of coal. Loses dollars.
Can you remove it? a) Not certain we can order all the cos. Shell e.g. = half Dutch. b) Getting something in exchange.
c) Political: if we crippled economy of w. Europe stiff re-actions in U.S. Inconsistent with Marshall.

H.W. Oil is not under control. Unrequited export to e.g. France.
Ques. is mainly wtr. we can stop it or get value for it.

R.S.C. Don't want to stop supply to France for reason c).

- And academic anyway because being lifted in Fr. tankers.
- P.M. Discussion illustrates “presentⁿ” diffy.
- A. C.R.O. points. a) Doms. will be critical of relaxⁿ of travel ban esp. for Switzerland. We have pressed them to cut dollar expenditure: must therefore have an understanding with Doms. in advance.
b) Eire. talks with de Valera : persuaded him to introduce ban on f. travel & it’s due to come into operation now!
c) Minor diff^{ies} with S. Africa.
Thus, no announcemt. w’out consultⁿ with Doms. and reserve position of Switzerland.
- R.S.C. Then no chance of trade agreement with Switzerland.
And will cost us gold on the trade agreement.
E.B.’s point.
- A.B. Agree. You can’t really pursue policy of pol. union of w. Europe while we all remain in Purdah.
- A. Restrict it to “nearer European countries”.
- R.S.C. Wd. be hostile to Switzerland. Not even to try for agreement.
And do you want to cut out Italy.
- P.M. Presentⁿ. Elaborate need for inter-commⁿ?
- R.S.C. Prs. best to let E.B. make a vague & incidental reference in his x/ F. Affairs speech. Get away from context of petrol, hotels etc.
Get it into cultural, w. European context.
- M^cN. Will submit draft to R.S.C.
- H.M. I’m still against it.
- G.A.I. So am I. Austerity needed to make chaps work.
- T.W. Favour it on R.S.C.’s basis at x/.
- G.T., H.W., A.B.} Favour.
- J. Wobbled: into agreement.
- A. Favoured as at x/.
- A.W. Want a quid pro quo to show to workers.
Agreed: as at x/ } Exit H.G. M^cNeil
Care in presentⁿ. } Barnes.
Enter N. & Freeman

2. Civil Aviation. Tudor I. Enquiry.

- H.M. Report shd. be published w'out delay.
Can't get agreemt. in time on route on wh. Tudor is to be used.
Hence formula in para. 4.
Debate in H/L. Wed. next. Likely to be partly on this. Will prob. be
also demand for debate in H/C.
- P.M. x/ in para. 3. skates over direct conflict of view betwn. M/C.A. &
M/S.
So does para. 4.
Will these differences be concealed?
Bound to be controversy over ordering.
- N. S.I.M. Ctt^{ee} meet to-morrow. May be able to reach accommⁿ.
In any event in H/L. I shall be speakg. for Govt. as a whole.
Shall say procedure is evolving & not yet fixed.
Can deal with ques. in general terms.
- R.S.C. Believe some adjustment in ordering is necessary. But diff^{ies} between
Dpts. are not irreconcilable.
- A.B. Statements by B.O.A.C. cause the trouble.
- N. Procedure changed since Courtenay report.
- A.W. Will this create enough confidence in Tudor to cause f. countries to
order it?
- R.S.C. Their doubts can best be removed by flying them across Atlantic.
- N. B.O.A.C. will use all Tudors. Only ques. is use on N. Atlantic.
I have impressed on them need to show the world tht. they can
fly it. Believe they may agree to do so, for a limited time.
- Fr. Report may now be released to A.V. Roc?
- P.M. Yes. [Exit N. & Freeman]

3. Political Activities of Civil Servants.

- R.S.C. As in memo.
Will consider composⁿ with P.M.
- A.B. My diff^{ies} – local govt. May I have chance of putting my views
re composⁿ.
- G.A.I. Who will give evidence?

R.S.C. Officials, not Ministers.

H.M. Need for care. What may we get out of this Rpt.

A.B. Easier to handle Dpt. by Dpt.? Danger of generalised answer.

P.M. Powerful Ctt^{ee} may be a Balaam.

A.B. Can Cab. consider again, when names are known?

P.M. Agreed.

1. Germany: Frankfurt Agreement.

[Enter E.Sh. & McN.]

H.McN. Talks in Germany, following Cab. approval of policy.
Desired to put scheme to-morrow to Allied Control Council.
Scheme expl^d in Press. Features: extension of nominated Ex. Council:
creation of 2nd Chamber to protect (by suspensory veto) Lander
Govts:
Executive Ctt^{ee}: power to legislate for bi-zonal Supreme Ct. will
be enacted by mil. Ordinance.
French not in disc^{ns}: told this = temporary: Fr. re-action, wh. we
feared, not so severe – than accepted draft statement.

H.M. Cd. not Fr. be brought in earlier in future?

H.McN. Aim at Tri-partite machinery.

Agreed.

2. Cyrenaica

E.Sh. Cleared with F.O. & C.O.
No concrete proposals – want only approved in principle.
By Aug. 8.000 – thereafter 20.000 B. troops in C. from Palestine.

P.M. Progress since April?

E.Sh. Marking time rather because uncertainty of position.

C.J. Will co-operate & second staff.
Later on, shall have to decide Dpl. responsibility. I prefer F.O.

H.M. Importance of getting a foot in here. Will be tricky. W^d it be wise to
have W.O., C.O., F.O., & ? C.E.F.S. working party to get
somethg. done which we are there. Sudan model.
Need for constructive policy.
Shd. Ministers take a hand?

A.V.A. More done than appears. Emir is friendly.
Endorse importance.

E.Sh. Accommodⁿ for troops – will involve materials.

Principles approved.
Working Party to be appointed – E.Sh., C.J. & H.McN. to
arrange for this. To examine specially financial
commitments. Early report (2 or 3 weeks).

3. Functions of Judge Advocate General.

J. Need to divide respons. for pros^{ns} & assessing convictions.
Recomm^d by both Ctt^{ees}. Ask for genl. approval. Then will
appoint Ctt^{ee} under Napier to work out details so we can give
effect to final recomm^{ns} of Ctt^{ee} as soon as received.

A.V.A. Adm^{ty} posⁿ is different = but they agree their man must now be
appointed also by Ld. Chancellor. J. to discuss with H.

[Exit E.Sh.

[Enter J.S.

4. Production of Ground Nuts in E. Africa.

J.S. As in memo.
Special points. e.g. capital equipmt. mainly non-dollar from now on.
Scheme has fired public imagination.

P.M. Coming year: can you concentrate on areas produc^g. quickest results?

J.S. As far as poss. But most promising area can't be opened until Apl.
because depends on expanding port facilities.

P.M. Effect on agric. machinery industry?

T.W. 1) First assumed big consumptⁿ of fertilisers. No rep^{ve} to this in W.
Paper. But supplies cdn't be sent from U.K. This shd. be
covered in W. Paper – to disarm criticism: for risk of competⁿ
with U.K. agriculture.
2) Machinery. U.K. can produce requiremts. only if factory extensions
made (Massey-Harris). Corpⁿ assume prodⁿ by 1950.

J.S. On 1) estimates in earlier Paper stand. Procuring was planned with
Agric. Dpts. Shd. be manageable partly fr. U.K. & partly fr.
African sources.
On 2) agricult. machinery contract with M-Harris. Covers to 1950.
Thereafter want prodⁿ by M-Harris in U.K. & consultg. B/T re
new factory.

C.J. Fertilisers potentially available from Uganda. Considering exploitⁿ
with I.C.I.

J.S. Agreed to repeat fertiliser point from earlier Paper.

H.M. Cd. we open W. Africa too & increase supply – to get price down.
W. Paper. Propose Press Conference – with some photos. to show
what's going on. C.J. might attend.

- A. And a good map, wh. shd. be circulated to Cab. if not included in W. Paper.
Para. 4 of memo. Are the C.O.S. going to fade out?
- J.S. When they have completed their specific jobs.
United Africa Co. will, however, hand over to Food Corpⁿ, who will take on the technical & other staffs.
- T.W. Para. 3 of W. Paper. Drafting changes to make it clear we knew from outset machines wdn't be available fr. U.K.
- R.S.C. a) M/F shdn't assume dollars for machinery for 2 years. Shd. try therefore to get prodⁿ in U.K. as early as possible.
b) This shd. be covered in Col. Developmt. W. Party.
c) Satisfied with local financial control?
- J.S. On c) now in hands of Co. We have supervisors, who aren't however in control. Agency aren't perfect: look for improvemt. Will discuss with Ty.
- C.J. Draft. a) recognise co-opⁿ of local Govt.
b) thanks for work of managing Agents. I.C.I. much impressed with it.
- H.M. Debate shd. be avoided – Supply Day or on Bill.

Approved subject to points noted.

[Exit J.S. & H.Mc.N
[Enter L.S. & C.K.

5. National War Memorial

- P.M. No enthusiasm – save from R.S.C.
- L.S. Agree no ev^{ce} of enthusiasm. But wd. one expect it before some proposal made. My diffy. has been to think of anything wh. wd. arouse genl. support. Best prs. = Westminster Precincts.
- P.M. Is this a good moment to start?
- R.S.C. Only to secure site. Raising the money wd. then be deflationary. I prefer developmt. of St. Pauls (devastated) site.
- J. Agree fr. aesthetic angle.
- A.B. Resist proposal. Shd. discourage it.
a) Wd. excite demands for local memorials. Horrors.
If, however, merely open space – don't object to that.
Still fear a) however.

- T.W. Support A.B. – unless we cd. so arrange it as to prevent spread of local memorials.
- H.W. Cenotaph action shd. have given a local lead.
If open space adopted as national memorial, that also wd. be useful local lead.
- H.M. a) local horrors. b) Will Provinces subscribe to London memorial.
c) risk we won't raise enough money.
St. Pauls project anyhow wd. be rashly expensive.
This is really a shamming proposⁿ. City shd. do a good planning job on St. Paul's site anyhow.
Public subscripⁿ unlikely to raise ¼ of cost.
The project has bn. mooted (deput^{ns}, H/L debate etc.) and has not excited public support. Don't believe there is any steam behind this.
Conclude therefore – leave it alone.
- P.M. St. Pauls' scheme wd. appear to Provinces to be aid for City of London to do its planning job.
- A.B. Once moot this & it will provoke the monumental masons!
- G.A.I. Met. Boros. wd. resent public subscripⁿ for open space in City.
- C.E. Approp^{te} action was to add date to Cenotaph & leave it at that.
Don't want separate memorials for 2 wars. Public believe sacrifices made were in same cause.
- P.M. Share general view. Open spaces = policy in planning. Why subscribe for one & not others. Fear people wd. say – let city provide that open space= & let Memorial be built in addⁿ there or elsewhere.
- C.K. No represent^{ns} made to us.
Will provoke local moves.
Not likely to get subscriptions.
- R.S.C. City won't in fact do it, as planning matter. Much too expensive.
- L.S. And I have no power to impose costly plan.
- A. H/L. debate fell v. flat.
Only danger of Govt. inaction = pressure by Chatfield etc. for particular projects.
- G.T. Pressure in from only 4 individuals.

Agreed. No action.

[Exit: L.S. & C.K.
[Enter W.W.]

6. Electoral Reform Bill.

- C.E. Scheme based on mathematics was rejected because anomalies produced.
This scheme is based on community of interest. Best we are likely to get. So long as we aim at a H/C. of around 615.
We shall have 8 or 9 seats in hand: shall have 609 const. Margin therefore to meet strong feelings.
I believe B'fd. has had worse deal than these large boros.
3 of these large boros. are in Ldn. wh. on nos. is entitled to less repⁿ than it had before. To bring Ldn. up to 43 wd. be contrary move.
Future alterations in popⁿ can be met by later proposals of Boundary Comm^{ns}.
Let us start with Comm^{ns} proposals. If v. strong opposⁿ in Ctt^{ee} we can consider. But best ground to stand on is Comm^{ns} Rpt.
- P.M. Don't like basis of Comm^{ns} Rpt.
- H.M. Choice = shd. Bill be altered now or shd. we wait & see what pressure we get in Parlt.
Wd. rather not submit to H/C. pressure. Thus, if Cab. are clear, alter Bill now.
Comm^{ns} have taken 90.000 as dividing line.
Univ. Members are to go: gives some room for manoeuvre.
Will be controversial Bill. Want to reduce that to minimum.
B'fd: Hull: N'Castle. N. 228.794. 4 seats (53 –59.000)
Hull = 219.293. 4 seats. B'fd. 213.399. 3 seats, averaging 60,000 & more.
- P.M. If it's not being done on mathe. basis, must take ^a/_c history.
- H.M. Reading. Gateshead. E. Ham. Blackburn.
No sacred reason why you shd. have more County members than Boro. members.
Believe we shall have to give way over this.
Shd. we do it first or later?
Balance in favour of changing now. Give 2 members to the 8 Boros. & stand firm on that.
- A.B. Have opposed this re-distribⁿ from outset. Believe L. Govt. boundary revision shd. have come first.
Diffy. of deviating from Rpt. is tht. Govt. then must justify all other recomm^{ns} of Rpt.
Labour Party likely to fight for retention of status quo.
"Party" result of Comm^{ns} work – v. much against Labour.
Whr. intended or not. Our strength is largely urban.
"Community of interest" principle has removed industrial fringe from rural into industrial constituencies.
Postpone Bill – to await l. govt. boundaries.
If you go on, Bill shd. incorporate Comm^{ns} Rpt. w'out change.

8. Civil Aviation: Ordering of Aircraft.

H.M. As in memo.

R.S.C. One good man vice Ctt^{ee}.

P.M. Shdn't be announced to House.
Shd. be a report to Cab. not for publⁿ.

H.M. Wd. prefer 3 men. 1 alone is v. risky. And nearly all people have, or
get, a bias.
What can be said in Parlt?

R.S.C. "Is being examined".

G.S. a) organisⁿ to remain as it is. Pro tem?

H.M. Yes.

G.S. b) persons (1 or 3) shd. be sympathetic to natⁿ.

N. Formula: Govt. will call into consultⁿ men with bus. experience to
assist them in reviewing m/g. issues.

P.M. & L.P. to settle.

1. National Health Service: Discussions with Doctors

- A.B. Negot^{ns} dominated by small no. of vocal people, whose views are not shared by responsible but inarticulate members of the profession. Believe profession has had all reasonable concessions – even to edge of jeopardising the Act & our finances – and must now be resisted.
Appeal to courts – wd. in fact damage profession. Wd. like to concede it, on that ground, if it weren't so objectionable constitutionally. Protⁿ for doctors is v. lavish: Tribunal added since Willink's scheme discussed.
Basic salary. Labour Party wd. like to see it larger. Spears Rpt. made small basic salary = higher capitⁿ inevitable.
Sale & purchase of practices: no ground for concession.
Doctors can't be allowed to defy Parl^t. Wd. undermine discipline.
Plebiscite will go heavily v. scheme: but believe they will then come in.
- A. Support A.B. generally.
Must look for concessions wh. wd. weaken B.M.A. with weaker men.
Salary & fee – Ty. v. generous.
Two points, however,
 a) must we find £66m to stop sale of practices.
 Is that essential to scheme?
 b) appeal. Need for publicity to counter impⁿ tht. Minister can remove a man arbitrarily. Fact & constitⁿ of Tribunal, local hearing, central Trib. – all need hammering in to average g.p.
Organisation needed to get hold of younger men.
Beware of Med. Pract. Union – some of worst elements in profession – don't let them get assoc^d with Ministers propaganda.
- P.M. No appeal from G.M.C.?
- A.B. No.
- A.W. But they are proposing legⁿ to provide one.
- A.B. Doctors don't read my document apparently – gives reply on b)
 My fear is whr. public are adequately protected v the doctor.
 Concurrent power of G.M.C. remain.
No doctor may be removed unless his employing Executives (1/2 drs.) move v. him. Then 3 enquiries before it comes to Minister.
- A. Understand all this – my point is it shd. be rammed home to the g.p.
 They don't know.
- T.W. Supported this. What can be done before plebiscite?

E.B. Cd. T.U.C. and Soc^{ies} representg. patient post a statement to every g.p.
Is there time to organise this before plebiscite?
From local Trades Council to local doctor.
At least, before July we shd. get outside body to make an objection
statement.
On a) we can't have a vested right in a State list of patients.
Ministers etc., shd. be briefed continuously with facts to be made in
speeches.

A.B. Agree. Much of this laid on.
B'cast. Film. Getting T.U.'s on to it. Press turning in our favour.
Volume of organised propaganda is coming along.
Will consult with H.M. on this.

P.M. General conclⁿ. No concession at present. Will suggest Minister is on
the run. But do our best to put it over, with public.

Agreed: announce 5/7 as date of operation.

[Exit A.B.]

2. Iraq.

E.B. Telephone to Bagdad.
Outbreaks there – Treaty made the pretext for that. They haven't in
fact had time to consider it.
Basic cause = Palestine.
Request sent for leaders to discuss handling of disorders - & took
chance of doing absent P.M. down over the Treaty.
Situation fr. our angle is O.K. For if they reject the other Treaty stands
– 8 years to go.

3. Parliament.

H.M. Business for next week.

H.M. Economic Informⁿ to M.O.'s.
R.S.C. won't agree to Bulletin going to them. He agrees however tht.
whips shd. tell M.P.'s tht. if they ask, they can be put on mailing
list for hand-outs to Press Conferences on economic affairs.
Mainly R.S.C.'s conferences. Start with that and extend, as
desired, to conferences by other Ministers.

Agreed.

[Enter H. and J.G.]

4. Scotland: Devolution.

A.W. Consult^{ns} all round – general acquiescence by Party groups.

Will consult Labour Party as a whole this evening.
Genl. agreement extends to not having an enquiry.
W. Paper = Appendix A will not be published: will go on to Order Paper.

- H.M. Verbal points on W. Paper – wh. I will settle with A.W.
Procedure on “2nd Rdg” in Grand Ctt^{ee}. Any motion? Might embarrass us on Floor.
- A.W. No motion. Done ‘??? ???’.
- H.M. Para. 5 = 3 types of Bill. Modify this to make it clear tht. this won’t facilitate flood of Sc. legisⁿ because all have to come back on to floor.
Someone shd. see Scottish Peers.
- A.W. That is in hand.
- P.M. Repercussions on Wales?
- H.M. A.B. doesn’t like it fr. that angle. There will be a come back.
- H. Feeling in Wales – nationalists aren’t strong in nos. but vocal in student circles and movemt. is makg. progress in industrial circles.
This will provoke some demands from Wales.
Agree can’t copy the legislative procedure because Wales has no separate legⁿ. They will demand somethg.
Econ. Conference. We cd. hammer out somethg. comparable.
- H. Nationalist movement in schools & universities because based on language & culture.
- P.M. We cd. look at somethg. on side of Economics – tho’ not in legⁿ.
- C.E. Will be pressure for separate legⁿ for Wales on education.
Every B/E. inspr. in Wales is ardent Nationalist.
- J.G. That is fault of earlier Govts. – who tried to stifle nationalist feelings.
Specially by preventg. teaching of Welsh in schools.
In 20 yrs. we lost 1/5th popⁿ by Govt. policy. Not surprising we get this re-action.
Worried (on Party grounds) over Nationalism in W. Universities.
May be demand for more time to discuss W. affairs in Parlt.
Will be demand for Welsh Conf^{ce} (going beyond Econ. affairs) wh. can represent Welsh views to Govt. In view of 1st para. of this Paper we can’t well reject it.
Shd. be some initiative by Govt. indicatg. recognise this feeling in Wales too.
- H.M. Must welcome this demand when it comes, and see what we can do.

P.M. Omit last sentence of 1st para.
Trouble with Wales = they can't put fwd. anything practical.

A.W. Our "Conference" is not public.

Memo approved.

[Exit H., J.G., & W.W.
[Enter B., H.G. G.S.]

5. Economic Affairs.

R.S.C. B/Payments.
V. heavy drawings by India. £150m vice £60m agreed. Takg.
this up with India. May mean India/Pakistan will have to have
sterling area.
French Francs.
Reported results of discussion at I.M.F.

A. Scrap?

R.S.C. Going better.

G.S. Putting in memo. to Cabinet.
Steel industry likely to be O.K. on this for 6 mos.
Deadlock still in Germany - hope U.S. pressure may break it.

E.B. Political talks re Germany will begin v. soon. M/S might watch their
interests. Will see they get the pp. U.S. inclined to give too
much to Germans.

H.M. Para. 3. Textile emplt. Can't we get a drive?
Cotton price goods only 25% over 1944. Labour = bottleneck.

R.S.C. Prodⁿ Ctt^{cc} has considered & I am reportg. to Cabinet.

H.M. No point in pushing exports to soft countries just to raise figure.
Table 2. Cotton showg. increase in last few months. Present rate is
enough pro tem.

H.M. Paras. 5-8. Is this good moment to open disc^{ns} over extendg.
hours/agreemt.

H.G. Wrote N.C.B. as approved by E.P.C. Haven't had his reply yet.

H.M. Para. 14. Misleading? Para. 2 of Bulletin shows drop in percentage of
exports.

R.S.C. Volume rose, but percentage dropped.

H.W. Nothg. can be done to divert exports ordered long since.

H.M. Are B/T. doing enough on diversion - & are industries responding?
Tractors are doing well.

T.W. Pinch of salt about Fergusons'. His income is fortuitous.

H.W. Industry is co-operative over diversion.

E.B. Is it solid enough? E.g. in U.S. it's trade mark that lasts not article.

R.S.C. V. expensive because dollars advertising needed to put a mark across.

E.B. Not sure. E.g. if worsted were called Brad-cloth it wd. advertise itself.

A.W. Braemar do it. cf. Whisky too.

R.S.C. Done on manufacturers name. Big reputⁿ with U.S. tailors.

H.W. Will send E.B. recent reports on B. trade in U.S.

E.B. Cars: believe U.S. will have to go in for smaller cars to save petrol.
We shd. boost our cars as B. contribⁿ to World need to save petrol. U.S. are frightened of that. Play on those fears.

H.W. Results coming fr. efforts to get B. business men out to West instead of N. York only.

E.B. W. of Rockies = B. Dom. for trade. Warehousing on W. Coast.

A.V.A. Steel allocations. Cut on ship bldg. & repairs.

R.S.C. They exceeded allocⁿ last year by 200.000 t. They have bn. cut by reference to what they used last year.

A.V.A. Not cut on repairs.

R.S.C. Admy. can see to that.

H.M. Para. 15. U.S. farm prices have risen over 4%. Emphasises need to stimulate prodⁿ and exports fr. other countries.
Our b/paymts. have improved, while rest of area has gone worse.

R.S.C. That = India, as I have said.

C.E. B/Payments. We never hear anything has gone favourably.
Grave misgivings – does country realise tht. every change is for the worse.

R.S.C. Factors outside complete U.K. control. This = price of being at centre of sterling area, wh. brings us other gt. benefits.

C.E. Another shock coming to U.K. public?

R.S.C. Yes: on new b/paymts. memo. coming to Cabinet.

E.B. Are we gaining on balance by sterling area basis?

P.M. This point shd. be covered in R.S.C.'s new memo.

1. Iraq.

E.B. Iraq. P.M. has gone back. Shd. be all right. If not, stand on old Treaty. False or exaggerated, report by Reuters was partly to blame.

R.S.C. Will addⁿ of Dom. members to Bd. of Reuters help.

2. Potato Supplies.

J.S. Shall be open to criticism if we have an acreage target wh. won't give enough at average yield.

Consumer wd. be ready to pay 1/9th of penny more & be reasonably assured of unrestricted consumption.

True – consumption will fall if other foods become less scarce. But any surplus cd. be fed to animals.

P.M. Gardens & allotments. Free seed?

T.W. ½ m tons in '43. But '47 only 350.000 t. Discussed in Nov. means of increasing cultivation: & l.a.'s etc. urged in Dec. to get ahead. Propaganda in hand. Free seed might be eaten vice planted. Expect another 80.000 t. fr. that source.

P.M. More drastic action.

T.W. Conferences being held all over the country.

P.M. Many places where potatoes can be planted.

E.B. I saw many in I.o.W.

T.W. Must get volunteers to work allotments & l.a.'s to make them available.

R.S.C. Tradⁿ of allowing farm hands to plant some rows along the edge of a field. Cd. we not revive & extend that?

P.M. £1 a ton in terms of free seed might produce better results.

T.W. 1.423m = minimum acreage. We shall get that. Must now get best yield from it.

J.S. At 7lbs. yield, deficit = 360.000 t.

E.B. Why on earth can't you get that amount grown by vol. effort. Private gardens cd. do that on their heads.

R.S.C. Easy to run a Press stunt on this.

T.W. Doing much on these lines already.

E.B. Sick of these unending arguments between M/F and M/Ag.
All this over ½ m tons of potatoes.

G.A.I. L.a.'s being told to close down on road work to get men on land.
Cdn't they consider employing them on growing potatoes on
waste land in possⁿ of l.a.'s.

E.B. 250.000 new houses with gardens.

Agreed { no increase in price.
 { vigorous campaign to promote all possible growing
 { of "supplementary" potatoes on allotments,
 { waste land etc. L.P. to concert this campaign.

[Exit J.S.
[Enter G.S.

3. Export Targets & Textiles.

R.S.C. Summarised memo.
Primary need = step up prodⁿ. But Lancs. is difficult.
We shd. give a warning re coupons.

H.W. Mtg. to-morrow.
Appointg. our man to represent both me & M/L in Lancs.

E.B. No one will vote for extra hours in Lancs. Must get a factory to do it.

G.A.I. Have done that.

G.T. This industry hasn't bn. brought into consultⁿ yet – as we did with
N.U.M. Know Unions are difficult. Have consulted only 2
Unions & then only on Evershed Rpt. We haven't put the facts
to the people in the districts.

R.S.C. I went round = met all Unions = also 1.000 rep^{ve} mtg. = with & w'out
employers.
Nacsmith on Planning Bd.

G.T. But not more recently on new situation.
Need for publicity campaign, to bring it home to textile workers how
much we rely on them in this crisis.

H.W. Don't dissent. Will consult G.T. & get his advice.

C.J. Will Ctt^{ee} cover wool?

R.S.C. Yes, concentrating first on cotton.

Memo. approved.

[Exit G.S.
[Enter H. Patch.

4. Devaluation of French Franc.

- R.S.C. Read draft statement, to be made in H/C.
- E.B. Concurred.
- A. How will you control?
- R.S.C. Block all Fr. (private) sterling in U.K.
Fr. may buy in sterling goods & sell in dollars – landing us with francs
for our dollar exports. For franc unofficial may go to 400 or so
per dollar.
Belgium may follow suit = so may Holland.
Then we may have to devalue sterling – v. serious.
A major upheaval. This involves a risk of it.
- A. Can you limit Fr. purchase?
- R.S.C. Yes = depends on capacity of Fr. Govt. to control own nationals. Fear
it may shake out the Govt.
Then anything may happen. Schumann & Meyer carried this
thru' Fr. Cabinet v. their Socialist colleagues.
Their real aim = get back 2 billion dollars held by Fr. nationals in Ldn.,
Berne & N. York.
U.S. attitude. Friendly Ty., but apprehensive State Dpt.
Support our view, but reluctant to force it on French.
I.M.F. original intenⁿ was to issue a much more critical statement.
Strikes at basis of Fund.
Finishes Bretton Woods & with it currency basis for world trade.
Fr. Govt. think it best gamble they can take.
Contest underlying it = conflict betwn. free & controlled economy, on
wh. Fr. Cab. divided.
Belgian attitude is inscrutable – as usual on financial affairs.
Believe they may intend to do the same. They don't think this
will affect them.

[Exit Hall Patch.

5. M: Churchill's "Second World War".

- P.M. Recalled earlier decision.
Genl. principle re military secrets.
No objⁿ to inclusion of 8 W.P. papers.

Payment to Exchequer. No case for that.

R.S.C. Agreed.

1. Local Government Bill: Co-operative Societies.

- A.B. Have agreed revised clause. Copies handed round.
L.P. has, however, raised the point tht. shares might be well above nominal value. But a) he wd. still have to disclose interest b) $\frac{1}{100}$ th wd. still limit interest in co.
In spite of this, I think it wd. be unwise to go back to clause limited to Co-ops. L.P. wanted it brought back.
- H.M. There is scope for agreement.
Co-ops are straightforward.
May be said = we are letting in people with substantial financial interest.
- R.S.C. Limit of $\frac{1}{100}$ th is surely a complete answer.
- A.V.A. Co-ops wd. be content if limit were lowered to $\frac{1}{200}$ th.
- H.M. Shareholder with £210 nominal cdn't vote. £200 nominal might be £10 actual.

Agreed.

2. Parliament.

- H.M. Business for next week.

3. National Health Service: Doctors.

- A.B. If demand made for debate on B.M.A., it wd. be good to promise time at once. I wd. welcome a debate.
Clear tht. vast majority of drs. don't want it.
- P.M. Serious. Always told before tht. younger men at least favoured it.
- A.B. They are campaigning now for more concessions. Later, when they have to decide as individuals whr. each shall come in, B.M.A. pressure will relax.
- H.M. Worried. Talked with A.B. & W.W.
Atmosphere of bitterness & mutual distrust.
Not getting a reasonable discussion.
A.B. is issuing Press statement before plebiscite.
I wanted Jameson to give objective b'cast. May be wise to drop this because alleged can't be objective.

- A.B. Middle & left-wing Press is on our side. Can't appease the rest.
- P.M. When do you want debate?
- A.B. Soon as possible. Tories won't ask for it: they don't want to argue in H/C. because know dr's case is weak.
- A. Sustained information campaign regud to weaken dr.'s opposition.
They don't know what is proposed. Hammer in facts betwn. now & July. Can't begin too early.
- A.V.A. Only one pt. of substance = specialists' remuneration.
- A.B. But it's B.M.A., not we, who decided to take plebiscite now.
Wd. like the Debate next week.
- H.M. Will consider: may have to be week afterwards.
But if Tories won't ask for it how do we get it? Do Govt. take responsibility – Motion or Adjournment.
- W.W. Wait & get ques. put to-day. See how it goes?

[Exit A.B.]

4. Parliament Bill: House of Lords Reform.

- A. H.L. debate adjourned. Explained circs.
Sugg^{ns} in debate about length of time. W.W. & H.M. are considering whr. any concessions cd. be made: it wd. be Ctt^{ee} point.
Salisbury's line = can't wait for Ctt^{ee} for this because we shd. be acceptg. principle of Bill by giving Second Rdg. Thus wants disc^{ns} on composⁿ of H/L. to begin before Second Rdg. If so, he will agree to pass Bill this Session. He wants to adjourn debate next week = he can carry that if he moves it.
Then he wants discussions a) on powers, limited to ques. of time and b) to see what prospects there are of real progress with ques. of reform.
Samuel willing to accept Bill if assured on a) alone.
I've said tht. if they throw it out, we will discuss nothing.
Suggest further talks (P.M., H.M. & I.) to see whr. we can persuade them to give 2nd Rdg. by promising to begin talks at once.
Don't want Govt. to appear unreasonable.
- P.M. "Timing a Ctt^{ee} point". It isn't because whole Bill is on timing.
Must indicate attitude on 2nd Rdg., towards amount of time.
Steel Bill as illustration. Introduced Nov '48 = passed June '49. etc., etc.
- H.M. This illustration is all wrong (!)

- Tho' I agree time-table on Steel Bill is right.
- R.S.C. But they have had all the time from 1st Rdg.
- A. No. The trouble more often arises on amendment.
- R.S.C. Of course they cd. delay a wrecking amendment as long as they choose.
- A. Actual point of difference doesn't get defined until late.
- P.M. Ready to accept any adjustment consistent with principle that a Govt. shan't be held up in legⁿ in its last 2 years.
- H.M. Primary ques: are we willing to discuss that.
- R.S.C. Only that?
- H.M. And reform, too.
- H.M. Point a) must be settled in Ctt^{ee} on this Bill.
Ready to have a) and b) discussed. But must be careful on a) – though they have complaint re late arrivals. We are vulnerable over last Session's late arrivals.
- G.T. Careful not to give away any principle, by implication. Don't you concede right to challenge policy by conceding more time.
- C.E. Not so much in H/L. points. Controversial points in a Bill are well known from moment of 2nd Rdg. in H/C. I wdn't make any concession on time. We have temporarily lost initiative: we can recover it by allowing time to pass & enact it under Parlt. Act. That wd. mean, however, disordering remaing. Sessions.
Fatal to Govt.'s reputⁿ to decline to enter conference.
But must make it clear we are conceding nothg. on Bill.
If we are to discuss reform, other things must be considered e.g. Orders. Whole position between 2 Chambers must be considered. Opposition Leaders shd. therefore understand that, if we are going to discuss composition, at all, we are opening whole field of powers as well.
- J. Can get Bill by 1949: not earlier, save by consent.
On period: stick to 12 months but add proviso tht. must be in H/L. at least x Parly. days. W'out that, H/C. cd. cheat by deliberately holding back Bill.
Settlement by agreement will last. If imposed, Tories will alter it.
Democracy is govt. by discussion.
Diffy. They undertake to ques. our Bill this Session: why shdn't Govt. accept offer to discuss? That is diff. argument to meet.

- R.S.C. That's O.K. for discⁿ of this Bill – point a).
But point b) opens a much wider field: discussion provoked in Party & in country.
- J. Wd. it if we said – can't reform H/L, unless this Bill passed therefore stronger H/L. wd. need more powers.
- G.A.I. Controversy started already. No harm in discussing. Support J.'s view.
- P.M. If H/L. is to be reformed, better done in this Parlt.
- A.V.A. Before a Genl. Election?
- H.M. Yes: for all we have in mind is a) abolition of hereditary principles b) life Peers c) women. Tht wd. be broadly acceptable to Labour Party save minority of abolitionists shd. mention it to Party & Executive.
- P.M. Merely tht. we are going to discuss w'out commitment: we don't want any "line" at present.
- A. Swinton has offered to pass or reject Bill this Session, if we will discuss, so that the "Ellis" point won't arise.
- R.S.C. Some value in that.
- P.M. We shd. lose nothing by discussing.
- R.S.C. But shd. make our cond^{ns} clear in writing.
Letter to Salisbury with copy to Samuel.
To be drafted by P.M., with J., H.M. and A. } Agreed.
Draft to come to Cabinet on Monday }
- P.M. Stand firm m'while on getting 2nd Rdg. (if we are going to discuss).
Enough to get assurance they will accept or reject Bill this Session.
- A.V.A. If you want H/L. reform in this Parlt. go on & pay for it.
If you don't, drop it.
- Agreed: don't insist on 2nd Rdg. as condⁿ.
"deal with Bill finally this Session" is better formula.

[Exit C.E., W.W.]

5. Antarctic: Deception Island.

P.M. Lr. from Govt. Not in friendliest way: surprised he hadn't bn. there.
Avoidance wd. do more harm than good.
No risk of armed conflict.

Agreed: let him visit Deceptⁿ Island.

[Enter H.McN.

6. Palestine.

P.M. Not necessary for Cab. to consider all details, wh. have bn. considered
by E.P.C. But sterling area ques. important.

R.S.C. Pal. & Trans-Jordan inextricable on currency. Must put Pal. out. Must
therefore extrude both. Shall, however, tell Trans-Jordan she can
creep back later.
Will be indicated to P.M. of Trans-Jordan while he is here.

H.McN. Can we inform State Dpt. & Ty. in U.S. a week ahead?

R.S.C. Yes. At v. highest level only in State Dpt.

H.McN. Fear we shan't be able to prevent heavy criticism in W'ton.

C.J. Want to reserve my point (on E.P.C.) re Palestine Service.

A. Inform Doms. at top level only?

R.S.C. Yes.
Ty. Rep^{vc} will have to go to U.S. for disc^{ns} on finance with U.N.
Commⁿ. Will F.O. & C.O. discuss "who" with Ty.

A.V.A. Oil. All right if it goes as in memo. But must watch it v. carefully.

R.S.C. Must depend how things go on the spot.

[Exit McN.
[Enter H.G. & B.

7. Wages.

G.A.I. "Stability". Various indust^{ies} made long-term agreements. But some
signs of breaking out now because of rising prices.
Reduction of hours – slowed down now.
Leaders are steady: may exercise more influence over rebels.
Misprint in para. 3.

- C.P. 28.
- G.A.I. Recommend a statement.
 Diffy: observance of agreements in entirety. Agreemt. fixes a minimum. Some employers pay more. That starts trouble.
 Cotton is serious example. Recent award, designed to bring up lower paid workers & had a clause deprecating relative increases to higher-paid. Dunlops have offered 10% increase & employees to regard minimum rate as the rate. We shall be discouraging employers from giving any increased rates.
 Wages in industries etc. related to Govt. e.g. Nat. & local Govt. staffs. or where Govt. grant paid. Recommend here tht. we shd. declare tht. we won't pay for wage increases automatically.
 Shd. make our intent^{ns} & policy clear to T.U.C. & try to carry them with us.
 On draft statement: wages and salaries passive.
- R.S.C. Have prep^d revised draft.
 Concluded this is most we can say.
 But handling is vital.
 a) Treat as 1st class State paper.
 b) Ensure tht. all Chairmen of Tribunals have it, publicly.
 c) Intensive publicity.
 Do it at once. Before Ec. Survey. And print as App. to that.
 Try to get T.U.C. to accept it. Then show it to N.J.A.C. quickly.
 Am speaking in Scotland next week. Wd. like this out first.
- H.W. Time to consider wording?
 Para. 15 seems too weak. We shd. say, not only refuse automatic increase in prices, but shall review whole ques. on increase of wages by reference to national objectives.
- G.A.I. Cd. R.S.C., H.M., H.W. and I settle draft?
- Agreed.
- A. Clarify para. on relativity.
- A.V.A. Inducements to under-manned industries etc., means tht. others won't be content to stay lower. And will produce competitive attractions.
- R.S.C. Covered in 12 (c) & (d).
- H.W. Stopped automatic increases already. e.g. in distribution.
 On R.S.C. (b): have Govt. Secretaries to all Boards: from M/L. and Joint Secy. from Prodⁿ Dpt. concerned. And they shd. be properly briefed.

Agreed.

- H.W. This is only effective way of influencing Bds.
- H.G. a) Make it clear what you mean by “under-manned” industries.
- A.V.A. Wages movements, if it continues, will mean revision of Service pay.
- H.M. We have bn. living in a fool’s paradise.
There’s been continuing cycle. There’s bn. too much readiness to press for shorter hours.
Support this course. Not sure it’s enough.
Main immediate need is to educate rank & file. T.U. leaders should do more. Ministers shd. make more speeches.
Weakness of employers.
- R.S.C. Due to full employmt.
- Agreed: Revised draft to be proposed by H.M.,
R.S.C., G.A.I., H.W.
Cab. to approve Monday.
P.M. to make statement in H/C next week.
- H.M. How do you square T.U.C. in the time?
- G.A.I. I cd. do it on existing draft.
- H.M. P.M., G.A.I., & R.S.C. cd. do that.
- R.S.C. Aim at P.M.’s statement on Thurs. next.
- H.W. Have M/L got enough organⁿ to “Grape Vine” impending wage changes? We shd. know before claim preferred?
- G.A.I. Thro’ Req. investigating officers. But can’t move too soon.
Will, however, take matter up again.
- Transport Workers Claims.
- B. Latham’s view: can’t refuse to meet some part of claim.
Advance of 7/6 + increased Sunday over-time = 10/3 a wk.
This rejected. Posⁿ will now be reported to M/L.
- G.A.I. Will handle the other claim with view to Ct./Enquiry, wh. cd. cover both.
- G.A.I. When do I inform E.P.C. of coming wage claims?
- H.M. As soon as it shd. be taken seriously.
Too late if you wait until claim is made.

H.W. Prodⁿ Dpt. shd. be told at once of any coming claims.

R.S.C. Agreed: the 2 Ministers shd. then bring to E.P.C. if issue arising on it.
And monthly reports on wage trends – for inclⁿ in fortnightly reports.

1. Parliament Bill: House of Lords Reform.

- A. Discussions with Salisbury & Samuel: on basis of this memo. – save “delay” was said in para. 1.
P.M. and L.P. didn’t like “delay” and substituted phrase now in memo. Because they meant “delay” to cover public agitation. They are likely to be difficult about new words.
They may move again for adjournment of Debate.
- P.M. Point of tactics. Advantage to us to get Bill a) early & b) with consent. Tories don’t want to give away their posⁿ before entering disc^{ns}. Nor do we. We won’t give way.
Ques: Shd. we put fwd. para. 1. wh. Tories won’t accept. Or a different formula wh. they wd. accept. Words don’t matter, really.
- A. Salisbury has now suggested –
“shall not extend to any powers other than those at present possessed by H/L.”
- P.M. That implies nothing: our para. 1 implies tht. our Bill needs amendment.
- H.M. Para. 3 (b) shd. govern para 1. as well.
Salisbury’s formula admits discⁿ of any period up to 2 years, viz., existing Parlt. Act.
Fact is we aren’t yet agreed on para. 1. Does that matter for today’s debate in H/Lords? An agreement in advance between Party Leaders may make it more diff. to persuade Labour Party & Executive. Suppose our para. 1 is contested openly to-day and we then get agreement off-stage to another formula, it may be easier for us. Moreover, if Tories reject our reasonable para. 1, they will put themselves wrong.
- J. Tories will never accept para. 1.
Are you in a better posⁿ if you put this fwd. & later accept a wider formula. Or if you accept a wider formula now?
- A. What Salisbury wants is time in wh. to force an Election.
- R.S.C. Put alternative formula.
- C.E. That wd. concentrate attention on the 12 months period. The only ques. we are willing to discuss is allocation of that period between the 2 Houses.
- P.M. My formula doesn’t point to the 12 months. “limited to discⁿ of the period for considⁿ of measures by the H/Lds.”

H.M. Then put para. 1 & hold P.M.'s formula in reserve.

A.V.A. Fear consequences of going on with H/L. reform. Diff^{ies} with own Party.

A.B. Support that. Press suggest Govt. are ready to consider measures of reform wh. will never be acceptable to our Party.

P.M. Tories are admitting H/L. is weak. Can we refuse to discuss means of making it more sensible?

A.V.A. That was covered by our original offer to discuss after passage of Bill.

H.M. Yes: but
a) we must discuss ques. of time, on Bill itself.
b) We must keep straight with public opinion & seem to be reasonable.

P.M. On par. 1. I wd. prefer to have our reference to "differences between the 2 Houses".

H.M. They are entitled to reasonable facilities for putting ammendmts. to H/C.

P.M. I agree.

C.E. Can't have hard & fast rules. Must be a working arrangement between Parties.

A. Then may I put my para. 1. as it stands: & keep in reserve P.M.'s formula.

Agreed.

2. National Health Service.

A.B. Wd. like earliest possible debate. Hoped for Thursday next: but told that's not possible.

W.W. It's not. Demand for discⁿ of Leather Order.

H.W. That Order cd. wait.

H.M. But it's 2 major Bills that are really in the way.
A.B. shd. not have discussed Business with Opposⁿ or said in reply to P.Q. he wd. welcome a debate.

A.B. On 2nd point, I made no promise. Cab. had said it wd. be good to have a debate. I cdn't do less than welcome it – adding that time was for the Leader of H/C.
On 1st, merely informal talk with A.E. Not negotiation. And it was after my statement in H/C.

W.W. A.B.'s P.P.S. came to me & sugg^d Thursday. I said Fri. or Mon. might be poss. Then I had a message tht. Tories had agreed to Thursday. This made my posⁿ v. diff.

P.M. Any ques. of fixing days must go thro' Ch. Whip or Leader.
On 2nd point, agree with A.B.

H.M. Even that embarrasses me.

A.V.A. In general, yes. But when gt. controversy is developing, diff. for Minister not to welcome it.

{ General view: A.B. was justified in this instance.
{ Agreed: debate in H/C on Mon. next.
{ Agreed: Govt. Motion as in draft.

H.M. Does para. 3 preclude further concessions?

R.S.C. No.

A.B. But we must not make any more after adverse vote in plebiscite.

A. Don't want to be comm^d to that now.

A.B. Spokesman? Wd. like P.M. to intervene. B.M.A. are turning this into personal attack on me.

P.M. A.B. and A.W. to open & close?

A.B. Yes.

P.M. I will intervene if course of debate so indicates.

[Enter H.G., Barnes

3. Wages Policy

H.M. Introduced memo. Mentioned new title: not merely an export ques.: need for Dpts. to follow up on prices etc.
Points: a) Para. 5. Interest rates on "socialised" stocks. Admissⁿ we have cut shareholders interest. Propose to delete.
b) References to wages turned into personal incomes.
We have gone too far: some mention of wages shd. be re-inserted.
Designed as statement by P.M. on Thursday.

- Need for follow-up publicity. Ministers shd. make speeches, on brief
by Ec. Inf Unit. So shd. T.U. leaders etc.
T.U.C. – to be informed in advance, not asked to agree text.
- A.V.A. Many points for argument in this. E.g. does it tie down piece rates etc.
Do we know the answers to those ques.?
- R.S.C. Yes: piece rates provide greater output with greater earnings.
- T.W. Para. 11 (a). Shd. we not stop at end of 1st sentence?
- R.S.C. People think you can do this. Must indicate why you can't.
- A.B. Is it wise to make such a statement at all?
No action in it. Nearest approach to action is what is said on price
fixing.
Don't dissent from views. But is it wise to declare them?
Employees will use it to support their rejection of wage claims.
Will be debated in H/C. Sound portentous but contains nothing.
We have an obligⁿ in socialised sector. But we run away from that.
- R.S.C. Essential. Must face run-away inflation & try to stop it.
We have decided we can't intervene in wage-fixing outside limits of
our ordinary actions. Are leavg. it to collective bargaining.
Least we can do is to inform the Bds. etc., of our views.
- G.A.I. Essential to say somethg. of this kind.
Dangerous situation.
Even transport dispute is getting out of hand.
Main point is para. 11 (a). Makes our position clear.
Necessary to make that clear.
Not sure, however, whr. P.M. shd. make such a big do of this.
Cdn't we use it quietly?
- R.S.C. Last sentence in para. 13 is State policy of some importance.
- P.M. What do you do if processes continue – havg. said "not possible" in 11
(a).
- R.S.C. 11 (a) relates to incomes of individuals.
- H.M. Shd. prefer words which don't bang that door so hard. E.g. omit
"possible nor".
- A.B. I wd. like to go further than the memo. on public sector.
- R.S.C. Can't do more than price & subsidy control w'out directly intervening
in wage negotⁿ. My own view was in favour of a central
Tribunal: but that wasn't accepted.

G.A.I. That can't be adopted w'out drastic change of system – and introdⁿ of compulsory arbitration in all cases.

R.S.C. "Govt. shd. be abreast of best employers"

H.M. You will have diffy over this.

Agreed: Substance of document.

Presentation.

G.A.I. Put it formally to N.J.A.C. Publish afterwards as such.
Otherwise are we consulting or informing?
T.U.C. statement. They only got P.M.'s reply the other day – not in time for conference to be held in Feb.
Wd. strengthen T.U.C. posⁿ to handle it thro' them.

R.S.C. Don't handle this with industry alone.
Must be put over to country & push it hard.
Must therefore be declared in Parlt. And by P.M. because we regard it as of 1st class importance.
N.J.A.C. is not an industrial Parlt.

H.M. See what G.A.I. is getting at. T.U.C. & employers shd. know what is coming.
But this must be debated in H/C.
T.U.C. statement was tepid. And in spite of it there came claim fr. transport workers, printers - & off we go.
Need is to force public and industry to face realities.
Hands of T.U.C. leaders must be strengthened thro' education of their rank & file.

P.M. Must be Parlt. statement.
But advance discⁿ with T.U.C. means leakage.
And N.J.A.C. meet on Wed.
Can't submit document. Will tell them what we intend.

Agreed: announce in H/C. on Wed., when N.J.A.C. are meeting.

C.E. Must it be read orally? So v. long.
Cd. you have a short oral version & print as W. Paper in full.

A.B. Have a W. Paper – introduced by a P.M. Question.

H.W. Debate? Can it await Economic Survey.

R.S.C. P.M. cd. start at para. 11 and read the rest. "In the circs. expl^d in a W. Paper....."

P.M. No: that wd. omit all verbal references to prices, incomes etc.

Agreed: P.M. to announce Wed.

Warn H/C. members it's coming cf. by P.Q. askg.

whr. statement is to be made = say "to-morrow & long".

[Exit A. and W.W.

[Enter. J.S. Hall. G. Strauss.

4. Steel Scrap.

R.S.C. to arrange for working party to go into whole ques. & report.

To cover also ques. of ship-brkg. in R. Dockyards.

1. Parliament Bill: House of Lords Reform.

- A. Y'day criticism centred on para. 1. as too limiting. No opportunity for ensuring adequate time for ventilation of differences.
Salisbury put this a.m. suggⁿ at B. H.M. suggⁿ at A. – I wd. prefer “considⁿ” to “ventilⁿ”.
- J. Prefer alternative A.
- H.M. Salisbury thinking of a Motion: better not to have that.
- A. He won't move it.
- R.S.C. Don't like implⁿ tht. we admit their right to delay – if we now suggest this amendment.
Wd. prefer – “ensuring reasonable time for the due performance of their functions by the H/Lords.” Doesn't concede that right.
- P.M. They have the right now: legitimate for them to raise it.
- J. A new formula like that wd. start the wrangle over again.
If you are going to have Conf^{ce}, you mustn't limit their talk.
Our formula nearly covers their point: why not go a bit further & let them discuss whtr. in fixing the time there shd. be any opportunity to let public attitude become defined.
- A.B. Then why not offer free discussion with nothing barred.
Objection to this = it raises v. issue of divided sovereignty which we want to end. Means H/L. is challenging, as well as revising, Chamber.
- H.M. We aren't considering what we shall agree to. Only an Agenda.
Advantage of cond^{ns} is it excludes some discⁿ. E.g. exclusion of main ques. of powers (a victory for us).
Case for H/Lds. (And we must be on reasonable ground).
a) Reasonable time to consider and revise. We must concede.
b) Reasonable time for discⁿ betwn. 2 Houses.
c) Delay. Tories doctrine on this we must reject (power to force Election). But narrower point = on diff^{ce} betwn. 2 Houses on amendments, then shd. be time to enable public to appreciate issues and get their views known.
As issue for discussion, that last is a fair point.
- C.E. This argument assumes H/L. discover defects in Bills which Tories in H/C. have missed. As a rule that isn't how it happens.
Tories in H/C. take the points; and H/L. pursue same points.
We shan't concede tht. Tories are judges of what public opinion is. But if we can't get Conference w'out it, I wd. allow it to go

in, in least harmful form. For reform of H/L. in this Parlt. will be most acceptable reform to us we shall get.

- T.W. Can't expect Tories to concede their case before disc^{ns} start. They have powers now: can't expect them to accept words denying that in advance.
H/L. do take points often which Tories in H/C. have missed.
- A.V.A. We have Party & country behind us in policy of this Bill.
Why make any concessions now?
Put these words in: but you will instruct our rep^{ves} not to yield on this point. Disingenuous.
- P.M. Not at all. Not bound to give way.
- R.S.C. But we have passed our Bill thro' H/Commons.
If we wish to say they can raise points – we shd. let them amend the cond^{ns} not suggest amending it ourselves.
If we amend it, we imply it's at least worth discussing it.
- A.B. This gives H/L. more power than they have ever had. Their status derives wholly from time. This calls in public as arbitrator between H/C. and H/L. Elevates revising Chamber into challenging Chamber.
- H.M. It's not a matter of H/L. judging public opinion. It's forcing a period in wh. H/C. may judge it.
Practical ques. is merely shd. the one month be longer?
- R.S.C. Say that: & I will agree at once.
- P.M. We have sent up Bills wh. weren't adequately discussed in H/C.
- R.S.C. We are trying to decide the issue not fix the Agenda.
- After further discussions:-
General agreement with formula: "limited to ensuring reasonable time for the due performance of their functions by the H/Lords."
- R.S.C. Let it be put fwd. from Cross-benches and accepted on behalf of Govt.
- H.M. Let Govt. keep initiative.

Agreed: L.P.S. to put it forward.

1. Parliament.

H.M. Business for next week.

2. Wages Policy

P.M. T.U.C. have written complaining of not being consulted. No substance in this as we have bn. talking to them in genl. terms for months. And they can't be consulted in advance on a text. They complain also of timing.
We must stand firm on this.

3. Parliament Bill

A. H/L. have accepted the formula – with gratitude.

E.B. How long will conference take?

A. Not long. On time, doubt if we'll reach agreement for H/C. not ready for concessions.

P.M. Who will be in the talks?

A. Salisbury & Swinton & A.N. Other. A.E. or Q.S. (not W.S.C.). Samuel.

H.M. Cl. Davies has sugg^d he and Perth shd. also be in it.
I warned him to limit it to 2; dropping Perth.

A. Want H.M. P.M. and prs. C.E.

A.B. Will talks go concurrently with Bill?

P.M. Our view = Bill must go thro' first. But Bill won't be enlarged to cover composition.

A.B. Can they hold Bill up?

H.M. No: Because they've agreed to pass or reject this Session.

[Exit W.W., A.B., C.E.
[Enter H.G., B., G.S., J.S.]

4. Economic Affairs

R.S.C. Latest figures of dollar drain.

Diff^{ies} with I & Pakistan. Some progress. Diffy: get them to agree to some supervision by us – to prevent their exceeding their estimates.

V. satisfy. agreemt. with Switzerland. S. behaved v. well: wanted early agreement to support sterling re depreciated franc. We may even get gold fr. them because they agree to hold sterling. Relax travel ban and still save gold.

E.B. Why wasn't it beamed more? If with R., wd. have bn. head-lined.

R.S.C. Did our best. Papers wdn't use it.

E.B. B.B.C. cd. have done better.
Can you now pay tribute to their co-opⁿ by P.Q.

R.S.C. Yes.

E.B. Portugal, too, gave v. good agreement: but no praise.
Must work up the W. European unity this way.

H.W. B.B.C. too prone to high-light Russia. Their answer is always: R. is news.

E.B. Swiss agreement is worth 4 or 5 times as much, qua b/payments, as R. grain agreement.

P.M. Let H.M. talk to Chairman of B.B.C.

Agreed.

R.S.C. Talks with Italy, tho' only partly successful, have bn. fruitful.
Argentine. Shall get it or break to-day.
They are short of sterling. We have offered pre-paymt. of a year's supplies. Prices & quantities agreed = also transmⁿ of interest. Stuck only on free imports from U.K.
U.S. have asked us to buy maize for Germany for dollars.
There is some trouble in W'ton over this, in wh. F.O. are assisting us.

H.W. If this goes thro' it means no dollars.

R.S.C. Leeper has done v. well over this.
Has shown advantage of heading Delgⁿ with business man & bringing Ambassador in when diff^{ies} arise.

E.B. Agreed.
This is working v. well generally.

P.M. Textiles going v. slow.

- E.B. Won't overcome diff^{ies} until solution has bn. found of problem of incentives. This is a matter for Budget: hope R.S.C. will try to solve it. Speeches won't solve it.
- P.M. B'cast by G.T.?
- G.T. We have never got down to number of types of cotton workers.
Men running 4 = men running 20 looms. Second £7-8 a wk. but others only £4. Diff. to recruit men for latter wage. Our figures are averages.
Full econ. posⁿ must be put over in Lancs.
- H.W. Ctt^{ee} here & in Regions. Hoping to run local propaganda campaign.
But must get admin^{ve} ques. settled first.
e.g. call-up. bldg. day nurseries. Overtime drive = better in early spring. Will start it with G.T. b'cast: & a big mtg. with him & me. C.O.I. local organisation.
- H.G. Coal. [Two points not heard.]
Diff^{ies} over continuing export of U.S. coal into Europe. U.S. coal interests are pressing it.
- R.S.C. They forced France to go on takg. it even tho' not paid for.
- E.B. Let H.G. spk. to me personally over this.
- H.M. Exports to soft-currency countries still running v. high.
- H.W. Reason: Fulfilment of long standing orders copec. in India & S. Doms.
Shall see results of these for some time.
Drive to h/currency began only Nov. 46 (?)
- A.W. Firms with h/currency orders cd. have priority in delivering of materials.
- H.W. That is done.

[Exit H.G., G.S., J.S., & B.]

5. Defence White Paper

- A.V.A. Still interim year.
Figures approved already by Cabinet. £692m: not quite comparable with last year because more civil costs transferred to M/S.
N.S. intake. Being restricted to 150,000 – will also be necessary in later years up to 49/50. Because C.O.S. haven't yet produced acceptable plans for future shape of forces.

- E.B. Hope we shan't in this Debate get back on C.O.S. Shdn't overdo emphasis on them. Govt. must take full responsibility.
- P.M. a) Amalgamation. "more satisfy." goes too far. Alternative agreed.
b) Para. 60. In furthermore... Govt. have decided on followg. principles..." Agreed.
- G.A.I. "By progressive raising age." Make that the purpose. Not reducing the numbers. Change of emphasis. Will agree wording with A.V.A.
- P.M. Shall be criticised for lack of definiteness. But can't be, in fluid situation.
- H.M. Put some obvious points of criticism. Must be prepared for these. Research – excludes c. aviation & atomic energy.
- A.V.A. Neither.
- H.M. Nice ques. of allocⁿ. Is too much being landed on civil side? Cd. some Ministers consider this?
- R.S.C. Allocation is about right. Best we can do. Can only guess.
- T.W. Para. 28. Takes a/c of w'drawal from Palestine?
- A.V.A. Yes. Won't affect total change v. much, may reduce overseas element.
- H.W. Monkeying with age of call up.
a) Long notice to those affected.
b) Hope this won't exclude possibility of extendg. deferments.
- G.A.I. There is room in the figures. No concession now on principle.
- P.M. No reference to Colonial Forces.
- C.J. Discussions are procdg.
6. U.N.E.S.C.O. Second General Conference.
- G.T. Settling down. May become useful instrument in promoting unity. Have represented to Steering Ctt^{ee} need to check overlapping.
- P.M. Cliches, bad grammer etc., in Hardman's Rpt.
- G.T. W. Paper. Not keen on it. But distribⁿ.
- P.M. Put it out as Stat. Office publication.

Agreed.

- A. Para. 13. Nos. employed. II –III comes to 5¹/₂ m. dollars.
P'mme op^{ns} nearly 5m. What are the persons costing 5¹/₂ m doing.
- G.T. Figures are inclusive.
- P.M. Avoid word "break-down", generally.
Excessive establishments. Secretariat of 590!
- H.M. High salaries: duplⁿ of appointmts. for internat^l reasons = no "Ty control." All v. dangerous.
- E.B. Second Deputy of U.N. at last appointed – Jackson. Shd. help to introduce more astringent control.
Our work on Budget Ctt^{ee} of U.N. Presses U.S. to collaborate with us in continuous supervision over expenditure. Hope she will now be more helpful.
Hope U.N.E.S.C.O. will learn it do its work more cheaply because I attach importance to its work & want it to succeed.
- C.J. We have bn. getting into trouble in N. Yk. for our consistent attempts to cut down U.N.E.S.C.O. expenditure.
Agree need for continuing vigilance.
Pilot scheme of "fundamental educⁿ" in Nyasaaland & N. Nigeria.
Discussing that with them.
- J. Lot of nonsense here about cultural exchange. Music (unnecessary) & pictures (deplorable).
- P.M. Introduction?
- G.T. Purely formal. Want visit published mainly for informⁿ of voluntary people here who are interested in this international development.

7. Political Activities of Civil Servants.

Composⁿ agreed.

- H.M. T of r. "changes (if any)"
- P.M. No: better expressed as it is: & means the same thing.

1. Parliament.
- H.M. Business for next week. [Enter W.W.]
2. Representation of the People Bill.
- P.M. City/London will make formal rep^{ns}. Stand on principle: may be room for compromise on geography! [Exit W.W.]
3. Oswald Mosley: Application for Passport.
- E.B. O. Mosley applied for ppt. D. Reg. 18. no longer ground for refusing, since 21/12.
Going abroad to join Pirow, Lindburgh etc. in S. Africa to form anti-comm league.
Have refused a ppt.
Indications that some people will raise issue of freedom.
Want support of Cab. if there is trouble over this.
4. India: Security Council.
- E.B. Indians flying back for further inst^{ns}.
They missed the plane. Discussions in Security Council are continuing.
Diff. situation, however.
K. Menon's activities are not helpful. Czech nominee is prob. Communist.
Prs. a mistake to be represented at Sec. Council. Our attitude is being misrepresented. Better if we had used Canada's representative.
5. Western Union.
- E.B. Must begin slowly & carefully,
Fr. line: take it or leave it. Can't be so rough with Benelux. Must remember Rio & Satellite Treaties made since Dunkirk Treaty – and have interesting features.
Favour meetg. of principles to give dir^{ns} for detailed work by officials.
Not dipl. channel.
Considering Council for Europe under wh. consultative Ctt^{ee} cd. be grouped.
Am preparing memo. on that.
Ultimate aim – finance & banking = W. Europe shd. come together on that -? Reg. Monetary Fund. Socialised steel industries = and for integrating industry for W. Europe =

distributing various parts of the industry where most econ. & eff. prodⁿ.
Diff^{ies} in social services. Wd. like to see M/H. M/L. and M/N.I. to discuss means of promoting uniformity.

[Exit C.E.]

- E.B. Unifying effect: don't confine it to economic & defence ques. Provide for Council in first Treaty: & begin to develop under it. Colonial dependencies. Don't let's use term "Colony" – overseas territories.
Will seek concurrence of Fr. to move twds. Conference in early March.
- P.M. Also get away from term "Dunkirk Treaty".
What is idea of Treaty? Start on Dunkirk model?
- E.B. Put it in merely as basis for discussion. Ready however to evolve from it. Study Art. 53. May evolve into Regional affair.
Have told France I'm not going into this in dogmatic fashion - & that they mustn't bully Belgium etc., We must go into this on terms of equality.
- P.M. Basis of Dunkirk was defence v. Germany.
- E.B. Must refer to Germany but not make it a basis.
- A. x/ Useful if E.B. cd. draw proposals on basis indicated. Wd. serve to remove misapprehensions of Doms.
Doms. wd. prefer Art 52 approach vici Dunkirk.
N.Z. & Canada welcome U.K. invitation. S.A. dislike Dunkirk approach. Australians are apprehensive: wd. like it confined to Europe – India might feel the same.
- E.B. If they mean defence, we haven't proposed it.
- R.S.C. But on economics, they must come in.
Repeated x/. Wd. be v. helpful if we cd. explain this to Doms. before the Conference. Statement of genl. objectives.
- H.M. What are we being comm^d to? What was content of Dunkirk Treaty? U.N. Charter? Rio?
Have C.O.S. considered mil. implications?
Wd. have liked more time & more informⁿ.
What machinery to supervise economic negotiations? Incldg. repercussions on Africa & Doms.
Can we have a memo. on methods & machinery as well as aims?
- A.V.A. On defence, wd. be premature to discuss with C.O.S. They are still studying it, after talk with P.M. & E.B.

- E.B. Intend submit memo. next week on machinery.
 Will separate this from Marshall Ctt^{ee}. It is wider.
 Have told F.O. to work out somethg. new in consultⁿ with Dpts.
 Head up with another London Ctt^{ee}, wh. wd. report direct to
 Cabinet.
 Objectives. Don't want to inform Doms. in advance because may not
 succeed in achieving them. I can't get Evatt to agree to anything.
 Why try? Other Doms. are satisfied.
- A. Wd. remove much misgivings tht. this is all military.
- H.M. Let CRO & Doms. read my speech. Never stressed defence aspect.
- E.B. Art. IV of Dunkirk. This is one operative Art. so far.
- A.W. Will Germany be brought in?
- E.B. Yes: eventual aim.
- A.B. Ques.: under what auspices?
 a) Dunkirk. Gather it over emphasis mil. defence v.
 Germany.
 b) Regional under Charter. Can't we go for some third
 method, wh. will give most emphasis to economic side?
 Stress E.B.'s memo. tht. we mustn't work for divided
 Europe.
- E.B. I wd. talk, without Treaty. But can't carry France with me in that.
 They are pre-occupied with security v. Germany.
 Must put Dunkirk at least as basis to get France into discussions
 at all.
 Benelux also dislike being sub-ordinated to France.
 If I can get France talking, they can be brought round.
- R.S.C. Endorse this approach. Also speed. Can't predict yet ultimate result.
- H.W. E.B.'s oral statement puts more emphasis on economic ques. than his
 memo.
 Will machinery memo. be fwd. before Conference opens?
- E.B. Next week.
- H.W. In official talks we understood economic side was to be played down at
 outset.
- A. This is Doms. apprehension. Want E.B.'s real policy to be explained.
- A.B. Not too much stress on defence. de Gaulle wants to push it that way.
 As does W.S.C.
 Must seek to get econ. aspects into forefront at outset.

Agree with E.B.'s oral statement: don't feel so re-assured by his memo.

E.B. Defence is important. Effect on Budgets.

A.B. Agree. Ques. is presentation.

T.W. Mustn't cross wires with C.E.E.C.

H.M. Can memo. cover
a) machinery for international disc^{ns} Europe.
b) machinery for interdeptm. disc^{ns} here.
c) what the economic aspects of this pol. are.

E.B. Yes.

P.M. General objective: in defence avoid anti-Comm. appearance.
This reason for Dunkirk model?

E.B. Yes: as a basis for discⁿ. For accepted h'to by Russia.
But can evolve from that, in discⁿ, into something diff^t.
Have told Spaak I'm open to consider Regional Scheme. But if under Art. 52 that is almost wholly military.

R.S.C. Regional I.T.O. is nearer the mark.

E.B. Yes: coupled with a defence wing.

A.B. Really a matter of presentation.

P.M. Must avoid misrepⁿ, as soon as mtg. called.

E.B. Want it quickly.

R.S.C. Link it with your H/C speech.

Memo approved.

1. Germany.

E.B. Germans talks in Ldn. p'poned. for a week because inability of U.S. team to attend, delayed by Congress Ctt^{ee}.

2. Argentina: Trade Agreement.

[Enter J.S.]
R.S.C. Agreement reached ad referendum. Want quick approval. Announce to-day.
Read terms of announcement.
Diff. to arrange. Argentine short of sterling because £150m for rlways. Must give them £110m. Doing it by pre-payment for food supplies.
Tel. 255.

P.M. A word of praise for Amb. & Mission.

R.S.C. Agreed.

[Enter B., H.G., G.S.]

3. Dollar Position in 1948.

R.S.C. Mentioned P.M.'s note – food recomm^{ns} now agreed.
Posⁿ worse than expected in autumn.
Figures for Jan. worse even than this memo. But unlikely to continue at this rate: for e.g. Egypt drawn all dollar ration: hope of control over India: Argentine now better than might have been. Main continuing trouble: Belgium because calling on gold guarantee.
Taking this up with them now. Shd. be able to balance over year, under new agreemt., but early drain on gold is serious.
, This = warning tht. even this revised estimate may be exceeded.
Terms of trade = main diffy. If as 1938 wd. save 300m dollars on present figures.
Recomm^{ns} as in para. 40 – corrected re food, by P.M.'s memo.

P.M. Effect of break in U.S. grain prices?

R.S.C. Likely to lead to general fall, but not collapse, in U.S. prices.
Forward prices for wheat are even lower. Reflects assumption of better harvests & lower demand. Wheat Agreement, if reached, wd. give us benefit of lower world price even for wheat contracted at higher price (from Australia in particular).

J.S. Will be diff. to decide whr. to adopt Agreemt.

R.S.C. At reasonable price, wd. pay us to get the stability.

- Tho' it won't help us in dollars.
- A.B. Cotton prices will help us in dollars.
- R.S.C. Wd. help us in negotiating a (new) price with e.g. Russia.
- H.W. This memo. is only insurance pending disc^{ns} on M. Aid.
If we don't get that, we'll have to do much more.
- A.B. Procedure: do other than food recomm^{ns} stand?
- R.S.C. Yes: save timber. Where I intend to reduce imports, w'out cutting into housing p'mme.
- T.W. Wheat (Canada). No objⁿ to enquiry. But R. grain + 400.000 fr.
Argentine were requ^d to m'tain existg. ration to '49. If we had to use more coarse grains, we shd. have little margin for increase fr. May. Wd. need about 400.000 t to make an increase. Having 2m tons fr. R. & Arg. diff. to explain why we cd. make no increase. Thus, if we have to forfeit 400.000 t. from Can. for dollars, can we see whr. 400.000 t. of wheat can be secured from Russia. Unless some increase soon in feed, no more G/eggs till '50.
- H.W. Diffy. = timing. Now seems we cd. increase feed rations.
Desirable for dollar saving in 49/50. We seem to have enough in sight: & haven't entered next year's negot^{ns}.
If we do, however, we shall in autumn be in posⁿ tht. we shan't know if we can carry it through.
- R.S.C. Expl^d diffy. of Canadian situation. Proposal is merely to explore possibility. Canada less likely to want to sell wheat elsewhere now world price has fallen. But enquiry still just worth having.
- J.S. No action until Canadian posⁿ known.
No early promise to give a level of feed ration wh. wd. involve cutting bread ration.
- T.W. Will delay announcement as long as possible.
- G.S. Announcemt. of any cuts shd. be made with inter-depl. agreemt.
- Agreed: Will be "agreed" with Dpts. on wording of Economic Survey.
- Oil
- R.S.C. Until we meet Chairman, diff to say what can be done.
- A.B. £42½ – 50m. of dollars going in sales to soft-currency countries.
Italy defeated nation, converted by U.S. into hard currency country.

- R.S.C. £154m spent on oil: divided as shown on p. 13.
 Table II c.i.f. sales (our tankers) f.o.b. (their tankers).
 f.o.b. sales may cost us nothg. for alternative = pump it back.
 C.i.f. sales cost us tankers & freights.
 France metropolitan mainly f.o.b. Basis of much Fr. industry.
 If we cut it off, it might be disadvantageous to us.
 Denmark: part of bi-lateral deal.
 Egypt: part of special deal.
 Greece: political.
 Italy: return for our purchase.
- A.B. Means we are paying dollars for Italian goods.
- R.S.C. Norway: tanker fleet depends on it.
 If we insist on dollar invoicing it may be boomerang on us.
 All these things must be taken into a/c – objective cut down supplies or
 make them pay for some by dollars.
- A.B. This has bn. going on for 2 years. Scandalous. E.g. Greece = why
 shdn't U.S. supply it. For oil is now equivalent to dollars. P.6.
 para. 28 – dollar cost of oil.
- E.B. Only cost of equipmt. & tankers – not permanently from U.S.
- H.G. Release of tankers & oil fr. Greece wdn't give much because that is
 such a short haul.
- A.B. It wd. be something.
 Running deficit on oil for 2 years. Spending Dpts. have yielded.
 Caused sacrifices. Borrowing money from U.S. to put “dollar”
 oil into soft currency countries for political reasons.
- E.B. F.O. have never pressed for continuing supply on pol. grounds.
- R.S.C. Memo. says no more than tht. there are pol. cons^{ns} to be taken into a/c.
- E.B. This oil is not in B. territory. Remember that.
 Pol. trouble in Persia because we aren't taking enough oil out.
- H.G. Only approach is by examining each soft-currency country one by one
 – see what diversion is practicable. Diff^{ies} will then appear – part
 tankers (short hands etc.) = pledges in bi-lateral deals = semi-
 political (cf. U.S. reaction if we cut off supplies to France).
 Can't generalise about this.
- E.B. M/L. assume $\frac{3}{4}$ m. emplt. in U.K. from oil business if M/E and Med.
 countries stabilised. Don't throw that advant. away.
- A.W. Will M. Aid enable other Europ. countries to buy dollar oil?

- A. First step is disc^{ns} with oil cos.
Told tanker posⁿ will be easier?
- B. Every prospect of addl. U.S. tanker tonnage from Mar. onwds.
- Exports to Canada
- H.M. 44m in '47. Estimate for '48 only 70 m. This sh. be our best market
because Can. diff^{es} with imports from U.S.A. Cdn't we do
better?
- R.S.C. They won't depart fr. non discuss^{ns}. And many goods fr. U.S. are
naturally cheaper because so close.
- H.W. May do better esp. in textiles.
- P.M. Books?
- H.W. We are cutting home market to increase exports to N. America esp. in
text books.
Non-discrimⁿ Cars. Cd. sell 20m: but quote only 5m. for fear of
offending U.S.
Whisky. Can sell more & are discussing with M/F.
Engineering. M/S. memo. to O.N.C. shows big increase & change in
pattern. Getting into Canada on heavy equipment.
Will send E.B. a note on exploiting western areas of U.S.A.
- A.W. Freights. Shd. there be control?
- H.W. V. light. B. has arranged lower rate for cars.
Our prices generally in Canada are much higher than U.S.A.
- A.B. Long-term risk to primary producers in W. Hemisphere.
- P.M. U.S. forcing goods on Canada & U.K. for wh. they can't pay.
What's use of that?
- R.S.C. None: but they don't understand it.
- H.W. Diffy. = miscellaneous character of our exports & so much = things
wh. people in b/p. diff^{es} won't take.
- A.B. Why don't we mobilise the Praire Libby (eg. thro' Gardiner) to press
Canadian Govt.?
- R.S.C. V. tricky.
- [Exit J.S., H.G., G.S., B.]

4. House of Lords Reform

- H.M. Parly. Labour Party informed & content about disc^{ns} procdg.
Letter, however, fr. Liaison Ctt^{ee} fr. J. Lee (9/2). Read it.
Followed up by article in Tribune.
Puts 3 points of principle wh. shd. be discussed at Labour Party. I'm
asked for specific replies.
Read reply sent after consultg. P.M. and L.P.S.
Willing to discuss the 3 points w'out prejudice to pending disc^{ns}
– but don't want to re-open it at this stage.
Cab. shd. know of this. Shdn't re-open at this stage.
Limits to disc^{ns} set in L.P.S. statement in H/L.
- P.M. All disc^{ns} are ad referendum.
Party amply safeguarded.

C.M. 15(48).

19th February, 1948.

1. Parliament.

[Enter W.W.

H.M. Business for next week.

[Exit W.W.
[Enter B., G.S., J.S.
H.G., Hall.

2. Food Prices.

R.S.C. Wd. have come in 29/2. in ordinary course.
Agreed with M/F. unwise in view of stabilisation policy.
Agreed p'pone 2 mos. Will cost £2 m. this year: £7 m. if it goes on
next financial year.
Whole ques. will have to be considered before Budget.
Agreed.

3. Economic Affairs.

R.S.C. Index of Prodⁿ. Same results from Cambridge Survey (Times).
V. interesting tht. increase 7% over same period in '46. despite
fuel crisis. V. encouraging.

T.W. But man-power increasing in '47 because discharge from Forces.

R.S.C. No-one wd. expect so large an increase in productivity to be m'tained.

Coal.

Vol. absenteeism rising. Sat. workg. suspended at some pits.
But output at rate of 2.7 m. tons p.a. – cpd. 211 target.

H.G. Not so bad when normal seasonal decline is taken into a/c.

Steel scrap.

Diffy. with Steel Bd.

G.S. Hoping to smooth it over.
Thought it was their function to inform Cabinet.

[Exit C.E.

Agriculture.

Spring sowings must be increased if we are to get wheat target.

T.W. Dec. was good month. Much will have bn. sown since figures of
4 Dec. We shd. reach target.

R.S.C. B/Payments.

£66 m. or 12 m. above last qutr. '47 –
Egypt drawings. Gold drawings by Belgium. Doms. doing well, tho'
Austr. cd. do more still.

Genl. Trade Position.

119.5 m. But imports even higher.

- H.W. Longer w. month. At 26 days, still highest since war & 28% above 1938.
- R.S.C. U.S. prices. Won't help us much pro tem. because fixed contracts for purchase fr. elsewhere.
- H.W. Cotton yarn. 15-36 for following week. New record broken again. Cotton is moving: & yarn no longer b'neck. Can go all out for increase all round. Wool is doing even better. Get off to earlier start. Back to 90% as cpd. with 70% in cotton.
- E.B. Told Yorks. are jealous at excessive attention on amenities etc. in Lancs.
- H.W. Textiles Ctt^{ee} began on Lancs: will turn to Yorks. next. Yorks. won't mind tht. Lancs. is so bad it needs concentrated attentⁿ.
- G.S. Steel production at record levels.
- H.M. Building. Are the workers coming free?
- A.B. There is growing unemplt. in industry. Movemt. starting (Luton, Newcastle etc.) of demonstrations tht. labour, materials etc., are available if permission cd. be given to build. Housing p'mme in danger of becoming unbalanced the other way. Think target cd. be raised in '49 to 180/200.000 vice 140.000. If timber permits. Otherwise, danger of losing transferable labour. Wd. wish to see hard core of skilled men kept together, by raising maintenance work.
- A.W. The older men (65 & up) are dropping out of industry altogether because can't turn to other trades.
- T.W. From May we can absorb some into agric. bldg.
- A.B. No: for the slack is in urban areas. If you push agric. bldg. too fast, you will starve rural housing.
- R.S.C. Use gang labour on this.
- H.M. Index/Prodⁿ. Can figures p. man/hour be obtained from some industries.

R.S.C. You can't get it in detail.

H.M. Cotton. Publicity. Mtg. with P.M.

H.W. That is part of publicity plan. But must get some admin^{ve} ques. settled first. Timing of publicity drive must be carefully fixed. Due to begin 12/3: & early Apl. appeal for over-time.
Coal Exports. U.S. rep^{ve} at Geneva has agreed to recommend export of 9 m. vice 13 m. from U.S. in next quarter. If that goes thro' it's O.K. in short run.
 Danger will be writing much free coal into Marshall.
 [Exit J.S.]

4. Wages Policy.

a) Information on Claims.

H.M. This won't do. Friendly intervention isn't possible after formal claim lodged.
 Rpts. when available: can't they go to Production Ctt^{ee}, so that Ministers may be aware.

P.M. As in brief. Want more "grape vine".

G.A.I. x/ Then I had better make a periodical [weekly] report to Prodⁿ Ctt^{ee} saying what we know.

A.B. Shd. we not tell the negotiating bodies in public sector to report as soon as a claim is lodged. That is where wage cycle begins.

T.W. Agriculture. Resol^{ns} passed by Branches askg. for increased wages & reduced hours. Will culminate in annual Conf. in May. Value of early reporting to Prodⁿ Ctt^{ee} wd. be tht. analysis of relativities etc., cd. be made well in advance – for benefit of Ministers.

A.B. And Prodⁿ Dpts. and Boards shd. also feed in information.

E.B. Danger of M/L. interfering with T.U. leaders unofficially.
 V. serious situation will arise.
 Either official intervention above board or none at all.
 Will undermine integrity & authority of T.U. leaders.

H.M. Govt. must face facts.
 Movemt. becomes official and claims are made. (4 claims here for reduced hours.) Then Govt. can't move a hand because it's intervention.
 All I ask is tht. P. Ctt^{ee} shd. know early enough to consider wtr. there is any action we can take.
 Can't control everything but wages & leave that to laissez faire.

Agreed: a) periodical report as at x/.
 b) all public Boards to report to M/Labour all appl^{ns} for increases of remuneration by organised groups (incl^g. salaried workers as well as wage earners).

- b) Enquiries about Price Increases.
 G.A.I. Must be uniform line of reply by all Dpts.
 Example: Catering wages. Bd. has fixed all details, after 5 years' work, to start in March 1st. Bd. ask me if prices can be raised or will I cancel Order. I can't.
 Transport also.
- P.M. Issue = how far are we take a hand in this.
- H.W. This is v. diff. Was to have bn. explored by officials this p.m.
 Can't avoid being consulted in advance. If we refuse, they will agree an increase subject to Dpt. approving price increase.
 Experience in past. Coal in spring '44, when owners made rash concessions subject to price increase & strikes followed when Govt. w^held the increases.
- T.W. Special Review. Ask for no decisions this a.m. Cdn't affect special review – tho' wd. affect annual review.
- A.B. a) Surely M/L. must warn, if asked, on basis of W. Paper. Otherwise, worst kind of syndicalism.
 b) Bldg: both sides saw me this wk. & sugg^d the 3rd shd. be put on wages until result of piece-work seen. I've said it can't be put on tenders: must come out of productivity.
 Same with Catering. Don't let it go autom. on to meals.
- R.S.C. That is what W. Paper says. Don't let us advise on applⁿ to part-cases. Right time to decide "on merits" is when claim settled & applⁿ for price increase made.
 Only diff. case = undermanned industries. We must advise if asked wtr. an industry is key or not. And M/L. shd. do so.
- B. Transport. Claim will come to a head this p.m.
 London Execut. have offered equivalent of 10/6 p. wk. increase. Reported as dispute to M/L. because Union wdn't accept. Executive won't go further. But have not w^hdrawn original offer. If Union accept, they can have it. And effect on new policy will be serious. But how can Executive w^hdraw offer, save on direction from Minister.
 Minister must choose between leaving alone & risking increase and directly intervening.
- R.S.C. This = diff. issue altogether.
- E.B. Totally against giving any informⁿ in advance of Govt's intentions.

Threatens whole T.U. movement. Bulk of wage increases in past has come out of efficiency not price. I have always refused as T.U. leader to combine with employer in approach to Govt. Catering. No interference with legal machinery. Joint approaches re prices: war-time attitude of mind due to controls (!). Get away from that. We shd. say: no guarantee of price increase: this must be decided on merits of industry. If Govt. are responsible, there shd. be proper machinery for costing.

H.W. Two points arise re approaches to Govt.
a) will you give an increase related to profit? Can't say in advance; need costings etc.
b) is this an undermanned industry? On this, you must be prepared to say wtr. Govt. regard it as key.
This is my view. [Different from memo.]

A.W. What about claims by Police & Fire Services. Claim to be undermanned.
These surely shd. be resisted.
Go for raising real wages by increasing prices – as Chancellor proposes.
Nothing to be got out of profits.

P.M. Public sector is the nub. What wages there? Any increase must therefore go on to consumer. Ques. is: what firmness are we to show towards claims in that area?

A.B. Problem: machinery to produce bankruptcies under full employmt. I want to see 30.000 bankruptcies in bldg. industry.
Transport. Can't you tell Executive they must find the money out of economies. Tell them that in advance.

B. They have bn. told Govt. wd. be reluctant to increase fares.

R.S.C. Transport: diff. transitional case. Wd. be wrong to try to stop the increase. But cd. they make a gesture, of p'poning a part, because of W. Paper.

B. Deakin wants to defer such a gesture until after T.U.C. mtg.
Agreed: Stand on W. Paper. Reject increases cond^l on price increases.
Inter-departmental arrangemts. to be handled by E.E.B. Ctt^{ee}.

5. Use of Naval Dockyards. [Exit H.G.]

H. As in Memo.
Sale of warships v. profitable: can't be done w'out refit.
A.B. Can Prodⁿ Ctt^{ee} have a look at details.

R.S.C. Organⁿ of dockyards: premium system for civil work etc.
Believe there is some surplus capacity.
Need for detailed discussion. Let it go to Prodⁿ Ctt^{ee}.

1. Palestine.

E.B. Bomb outrage. Why no immediate denial that B. were responsible?
No news yet from High Commr.

H.M. Shd. be a statement in H/C. to-day – repudiating this allegation.

2. Antarctic.

A.V.A. Nigeria will be in Falklands by 29/2.
Don't damp down Australian offer. Say "not at present".

3. Western Union: Organisation.

E.B. Don't want to cut across E.R.P. machinery – or Europ. Ctt^{ees} on coal
& steel. Or duplicate Ctt^{ees} & staffs. in Ldn.
Diffy. is to guess how far a w. Union bloc can be created w'in that.
Many things affecting Ty. wh. don't concern E.E.C. Most vital ques.
not provided for in machinery = our policy on financial ques.
Wrong tht. we shd. be losing gold to Belgium. Will need
separate considⁿ – applicable only to w. group not to all 16.
Feeling our way.
Will keep Cab. informed as it develops.

P.M. Explain para. 12.
We have facts. What do you intend?

E.B. When our scheme comes in July: social services in U.K. will be much
higher than in Europe. Costs of production. Wd. help us if
others wd. come up to our standard. Also movement between
these countries will require reciprocal arrangements.
Interchange of labour is vital to future.

A.B. Necessary for fluidity of labour.
Ascertain how prodⁿ costs shd. be weighted for this.

R.S.C. Will apply on development of Africa.

H.M. Worth examining. M/L. know most because I.L.O. experience.
They shd. be in Chair. I shd. like to be represented.

E.B. I.L.O. failed to make headway because tried to be universal.

A.B. Our Health Service will be available to aliens.

A.W. Cost 17/= p. head some years ago.

- P.M. Begin with factual review of posⁿ in w. Europ. countries. These have Ctt^{ee} to work on it.
- R.S.C. Finance. Mtg. with Fr., Belg., Dutch & Italy: seems whole economy of Europe will brk. in weeks. Belg. is owed money by everyone in Europe: owe to U.S. & can't pay. Looks as tho' all imports from B. will have to be stopped. Finance Ministers coming over on Wed. Urgent need to consider means of stopping gold paymts. w'in Europe.
- E.B. Cd. be combined with purposes of Brussels mtg. on w. Union. Wd. like that. M^owhile tempy. accommⁿ with Finance Minister (Belgium).
We can only escape from this intolerable position by getting on to a broader base. Ramadin's phrase "bye-passing the dollar."
U.S. might even lend us the gold to start it – for Europe's disaster will be theirs too.
We can't go on as we are.
- R.S.C. Mentioned this because gives an opportunity. All these countries are anxious to find a way out.
- T.W. Is E.E.C. mtg?
- E.B. No. Must decide to-day wtr. it shd. be convened.
Diff. to keep pace with U.S. attitude to ques. wtr. shd. be re-convened.
U.S. now suggesting it shd. Am asking what it's to do.
- G.A.I. Para. 2. Paris Ctt^{ee} set up useful Ctt^{ee} on labour ques.
E. Commⁿ has appt^d Ctt^{ee} on man-power & mtg. being called.
- E.B. Consult me on this.
[Enter H.G., Key, Barnes, G.S., J.S.]

4. Economic Survey.

- R.S.C. Drafting points (e.g. by M/L.) will be considered.
Two ques. of substance a) coal prodⁿ target
b) cotton labour target.
- Coal Target.
- H.G. Discussed with N.C.B. V. diff. to assess '48 output – variables like manpower, o.m.s., strikes. V. likely extended hours will be prolonged.
211 = substantial steepening of curve.
N.C.B. won't go above 202 for deep-mined. I believe it poss. we will get more e.g. 215 total. Don't believe we'll get 220.
Think 220 wd. be resented as unrealistic.

Ques. of effect of targets is uncertain. E.g. last week of 47 was worse.
Miners won't like alteration now because improvement at end '47.

Like rate-cutting.

Mght. encourage Horner to ask for more concessions.

Politically wiser to get target we can achieve.

U.S. No advantage. U.S. Amb. has said publicly 211 is stiff task.

Comm^d to giving Marshall countries high propⁿ of excess over 211.

Can promise 18 m. (vice 15 m. for exports). Cd. reduce
consumptⁿ by 1 m. and take 2 m. out of stocks. 14 m. stocks
are enough. If coal available for export from reduced
consumptⁿ we shall be freer to use it for trade deals outside
Marshall countries.

Recommend therefore 211, as now (expect more).

Tell O.N.C. to raise export to 18 m.

Stop weekly limit on exports & have N.C.B. to phase it.

Domestic relaxation – before end/winter – to carry fwd. deficiency
from one period to another. Wd. be welcome & cost little.

Want authority to do it soon.

R.S.C. Will you insert 18 m. in para. 140.

H.G. Wd. like to – subject to N.C.B. views.

E.B. Why say it?

A.B. Need we lump in open-cast. Cd. we not set a target in deep-mined?

H.G. N.C.B. do it, in discⁿ with miners.

A.B. Giving publicity – for psych. of miners.

H.G. Will consider.

H.M. P. Bd. & E.D. Ctt^{ee} favour 220.

Agree it's diff. to decide.

But 46 & 47 had special diff^{ies} – '46 post war – '47 weather.

Natural to expect much more in '48.

Ques: realistic target (relatively easy to attain) or target to aim at.

220 wd. give an aim & not be too unrealistic.

14m. tons isn't too big an increase on 196 of 1947.

T.W. That means 14 m. increase as cpd. with 5 odd fr. 1946-47.

Repairs, rehabilⁿ work must go on. Danger of neglecting it in favour
of output only.

A.B. Agree with H.G. on psychol. point.

What about target exp^d in rate of output at some point in year.

H.G. Welcome that.

- H.W. Weekly target later in year wd. meet that.
- P.M. Danger of “miners haven’t reached their target.”
- G.T. Workers aren’t interested in annual figures. Cdn’t most of these targets be put into weekly rate form – for publicity in factories etc.
- Agreed { 211 as minimum for Survey.
- a) { state what this will mean in terms of weekly
{ rate in autumn.
- b) { Don’t include the larger export figure in Survey.
- E.B. Two years ahead there will be diffy. again. Is industry getting back to quality?
- H.G. N.C.B. are on to this.
- N.A. Cdn’t more than 2 m. go from stock to export?
- H.W. Wait for Coal Budget.
- H.G. Coming v. soon.
- Cotton Target.
- R.S.C. Not realistic unless we are ready to take drastic measures at once e.g. in stopping or cutting other ind^{ies}. Para. 203.
- G.A.I. Max. = 300.000 for cotton even taking those steps.
- P.M. People cd. be got back to own mills when they won’t go to other mills. Anything in that?
- R.S.C. Not much now. For most mills have bn. re-opened.
True at outset of de-concentration.
- G.T. Agreed. Success of concentⁿ scheme = reason for our diffy. today. Closing other ind^{ies} needs careful considⁿ. For Lancs. towns too much dependent on cotton. Danger of creating developmt. areas.
- G.A.I. Restrain growth, & stop double-shifting – not close down.
- H.M. Why wasn’t the drastic action taken? Why hasn’t it bn. taken yet?
Mtg. at No. 10.
Is management good enough? Shall we get enough out of them?
- A.B. Why are we publishing all this stuff?
W. Paper on wages. Why publish this now, if we can’t debate until Budget.

- E.B. Female labour on Pools in Lpl. Courtaulds went where labour was.
Why shdn't cotton move? Spread it out a bit more.
Repression of other ind^{ies} will defeat own objects. Girls will move out of Lancs.
- H.W. Doing that. Have started in Cumberland. Lpl: trying to get Littlewoods to start. But limited by factory bldg.
- E.B. Can't accept cutting down man-power target, when it means losing exports etc. Wd. like to achieve it: but can't do it by compulsion.
- H.W. B/T. want to keep this cotton target. Tho' it does mean trying to take cotton out of Lancs. & restraining other industries in Lancs.
- R.S.C. Prodⁿ & man-power targets must accord.
- H.W. If you get 320.000 you won't get all early & will have to train them.
- P.M. Put prodⁿ in terms of weekly rate at end/period.
Agreed { R.S.C. to harmonise 2 figures w'out
{ reducing man-power target.
- P.M. Para. 24. Confused argument. R.S.C. to reconsider.
Form.
- P.M. V. long & ill-written.
- R.S.C. Pledged to produce annually. Shd. have bn. out by 1st Jan.
Promised for end/Feb. or early March.
- A. a) Immense repetition.
b) Rest of sterling area expenditure (large contribⁿ to our troubles) not brought out.
- A.B. Public assumes these are Govt. plans.
Out of date by time publ^d.
Not related to our other action. Will be invalidated by Budget.
Paras. of waffle eg. para. 250.
Exposes flank to hostile criticism.
Re-write (one man) = reduce by 50%.
- P.M. So many false starts.
- H.M. Hope R.S.C. will try to shorten this.
Publicity & frankness in economic ques. has done more good than anything. We have made the country economically conscious.
T.U.C., e.g. statement cdn't have bn. made years ago.
Time factor. Try to merge economic & Budget debate. Will make

for improved Budget debate. But if M.P.'s are to make real contribⁿ, they will need some weeks to absorb this document.

H.W. Then it's worth 3 or 4 days to get it in better shape.
Too long, too much economist jargon. Apart from that, not enough light and shade. Too grim throughout. As a result, masks the really grim factors.
Give credit for achievements: before saying how bad things are because increasingly diff. problems.
Cont^d stress on shortages w'out distinguishing causes of
a) low output b) insufficient capacity.

R.S.C. Diff^{ies} = Ctt^{ee} drafting.

J.S. Too late to improve it now.
Publish short version simultaneously. Use this as reference book.

J. Shorten and do it into English.

N.B. Full annual document necessary for Planning.
Public shd. learn Jargon (!).
A bit too black. Comparison of terms of trade with '38 shd. be stressed.
Paras. 87-96 may have serious effect on India & S. Africa.
Might stimulate drawings.

R.S.C. India safeguarded by agreement. With S. Afr. private agreement:
but trouble = flight from the pound.

We are seeking means of tackling that.

x M/Labour memo. is approved. x

Agreed { subject to revision by D. Jay.

{ Ministers to send in any comments.

H.M. R.S.C. to b'cast when this is published.

R.S.C. Not if it's issued near time of Budget.

H.M. Need to handle Press. [Exit B., H.G., J.S.]

5. Housing Programme.

R.S.C. As in memo.

P.M. 140.000 or 180.000?

A.B. Must be 180.000. Because finishing houses more rapidly than expected.

P.M. Anticipating review which shd. have bn. held in July.

- G.A.I. Support memo. Unbalancing labour: wd. help us to keep labour in balance.
- C.K. Welcome this. Brick industry in diff^{ies}.
Can addl. houses be put in areas where bldg. unemplt.
- H.W. Reverses policy re Marshall (not running down stocks).
Right because of dislocation.
But bldg. other than housing shd. be brought into review.
Dollar-saving projects can't go fwd. No start before late '49.
Constructional steel = bottleneck. Early review.
M/W. to put proposals.
Some factories can be built in brick.
Cd. get more bldg. in old-fashioned design.
- H.M. Balance betwn. housing & industrial bldg.
Memo. approved. No announcement.
1. (cont^d.) Palestine.
- P.M. Read latest informⁿ.
V. weak statement by Pal. Govt. Suggests doubt.

C.M. 17(48).

26th February, 1948.

1. Parliament.

[Enter W.W.]

H.M. Business for next week.

2. House of Commons: Members' Pensions Fund.

R.S.C. Altho' not increase in salary – there have bn. ques. about reducg. salaries because economic crisis. Is it wiser therefore to p'pone Bill until later in Session – Anyhow until after Budget. May be misrepresented.

W.W. Sometime this Session.
Agreed: p'pone until after Budget.

3. Local Government Bill.

A.B. L.a. has bn. able to do what it liked with own money. But now there is State money in all l.a. acts. Raises ques. of H/L. powers.

H.M. Ty. is in effect ratepayer. Must pay proportion of rates, whatever l.a. chooses to do.

E.B. Won't be under control until central assessment comes in.

A.B. Power in Bill to control l.a. wh. goes made over money.

4. Political Activities of Members of Boards. [Enter H.G. B. N. and G.S.]

H.M. Difficult.
Para. 4(a). Can't part-timers be free of this? L.a. members on Reg. Bds. for gas & electricity.

H.G. Bound by Act to appoint people with l.a. experience. Taking over l.a. undertaking. Have therefore appt^d a no. of men active in l.a. politics.

Either exclude part-timers from 4(a). Or interpret it narrowly.
Or dispensⁿ for l.a. repⁿ on gas & electicity Bds.

P.M. Undesirable tht. men in State pay shd. run political machine.
Read a) and b) together.

E.B. Too restrictive. Will ruin Unions. The part-time members are not salaried.

- B. Latham & Clay (Chairman & Treasurer of [Exit C.E. and H.G. Ldn. Labour Party) are full time members of my Executive.
And my view was they wd. have to resign those political offices.
Part-time Reg. members – I have sought men with l.a. experience.
- P.M. That's O.K. under 4(b).
4(a) is directed v. officers of Party machine.
- A.B. 4(a) is right because Minister who removes such a man because unsuitable for the Bd. may then be attacked in Party machine.
- A. Diff^{ies} in H/L. Latham, Trefgarne, Leman, Dukeston, Simon – are they to be excluded from H/L. debates?
- P.M. No. 4(c) can be interpreted widely.
But Latham, as full-time, shd. not continue as Chairman of Ldn. Labour Party.
- H.M. May be right on full-time. But part-time: why shdn't they do 4(a). Don't press full-timer.
- N. What is meant by "active connection"? Executive of Ldn. Labour Party – can a member be that & part-time? Think unpaid officers of Party cd. be part-time members.
- H.M. Some T.U.'s are removing part-time members from Union work.
- P.M. That is covered by 4(d).
- E.B. Part-time members of P.L.A.?
- P.M. My distinction is between membership of l.a. etc., and active connection with Party machine. I'm quite clear that they shdn't be even part-time members of Bds.
- E.B. Suppose a T.U. Secretary were elected Treasurer of Ldn. Labour Party. Then he is precluded from sitting on Boards.
- A.B. Why not? Improper that it shd. appear that Labour Ministers shd. be able to confer patronage on men in pol. machine.
- R.S.C. Shd. a Party Govt. appoint a Party official to any job? No.
- G.T. Must our impartiality affect our efficiency?
Unless men administering believe in policy it won't succeed.
No success in direct labour scheme achieved until Socialist official appointed to run it.
Agreed: whole-time members shd. not be actively conn^d with Party machine.
Para. 4(d) omit "past" before "associations".

Agreed. Para. 4(a) “shd. not remain an officer of any
x/ political Party” vice active assocⁿ and apply
it to part-time also.

- J. Rule of conduct. Not a matter for courts. [Exit W.W.]
- A. In practice no diffy. so far in conforming with this kind of principle.
- P.M. Don't intend to publish these Rules, in Parlt. This is for guidance
of Ministers.
- A. x/ is wider still. Wd. cover Chairman of a local Labour Party.
- R.S.C. It should.
- A.W. Acceptance of posⁿ on a Bd. will limit efficiency of Party official.
- G.A.I. Where do you draw the line on officials. Right down to local
Parties?
- A.B. Yes. That's where the bitterness is.
- E.B. Why not leave this to discretion of Ministers?
- R.S.C. This discussion itself has shown there is a diff^{ce} of opinion between
Ministers. Must have a common line.
- J. What is diff^{ce} betwn. part-time & full-time?
- H.M. One gets whole income from his Bd. Other is rendering only
part-time public service.
- E.B. Govr. has taken full life of one (cf. Cab. Minister). The other is
entitled to full citizenship.
- A.B. What of others? Man can confer patronage & is in receipt of it.
No hardship if he has to choose betwn. career than another.
There shd. be code of conduct for Ministers.
Must draw the line somewhere – or nepotism will grow.
- R.S.C. Shd. a Party Govt. appoint to offices of profit officers of its own
Party?
- H.M. Decent standards. But not hard & fast rules.
Don't restrict enrichment of public life.
- N.B. Need to be above suspicion. A good code of rules may be helpful
to us at a certain time.
Risk in Labour movement is individuals trying to do too much.

P.M. Ready to limit 4(a) to Treasurer and Secretary. Say “executive officer of any political Party.” To include agents & organisers. Indicate general principle – wh. must be applied to individual cases.
Agreed: “officer carrying out executive duties for a political Party.”
Approved subject to points noted above.

5. National Theatre.

R.S.C. As in memo.

H.M. L.C.C. contⁿ shd. be substantial in relation to Ty. Is value of site sufficient?

N.B. Yes, v. valuable.

A.B. Shd. Esher Ctt^{ee} buy themselves in so cheaply?

R.S.C. Ty. will in fact control it. Arts Council is subject to financial control by Ty.
We might want to add a Concert Hall.

P.M. Lr. from B. Ayrton Gould.

R.S.C. Have talked to her. She is satisfied with what I intend.
Can't build more than one for years. It will be a ques. wtr. we start by re-bldg. Queen's Hall or bldg. a new one. If we reserve site for second, we shall be O.K.

N.B. First need: settle national theatre ques., after 30 years.
This is matter for next Parlt. & next Election (Programme).
Tho' I agree tht. legⁿ reserving this site shd. be passed this Session.
Chance for B. Festivals. Wd. bring tourist dividends too.

H.M. Warning v. Ty. going too far in London. Thought L.C.C. shd. look after the concert hall. This memo. is enough pro tem. for Ty. offers.

A.B. More facilities needed to rebuild theatres e.g. Gaiety & Court.

E.B. Cd. one Hall be remembrance for war? U.S. mght. contribute.

A.B. Overseas countries cd. contribute materials.

1. Parliament. [Enter W.W.]
- H.M. Business for next week.
2. Parliament – House of Lords.
- A. a) Trenchard Motion on Joint Anglo-U.S. History.
- A.B. b) Beginning of Session & l.a. precepting date: on L. Govt. Bill.
Time-table diffy. arises from H/L. itself.
c) Rent Restⁿ Acts. J. has given impⁿ tht. Govt. intend to implement
Ridley Report. F.L. Ctt^{ee} view is not in this Parlt.
- H.M. I have protested to J. re his statement of 26/2.
d) Motion in H/C. re a mtg. in N. Ireland. May ask for time. This is
a matter for N.I. Parlt. Not for us to intervene.
3. Legislative Programme for 1948/49. [Enter J.S., B., G.S.,
L.S.]
- H.M. a) Parlt. Bill point. - as in memo.
b) Motorways & Milk Bills ..
c) Agricult. Marketing etc., ..
- R.S.C. Work will begin at once, in official Ctt^{ee}.
- H.M. d) P'mme for last Session. One of doubtfuls: Rent Bill. If in this
Parlt., shd. be in '48/49 but can't be ready for then.
Repeat: no statement shd. be made foreshadowing legⁿ.
- C.E. Sports Grounds. Small Bill. Might be unpopular with Clubs, but
prob. not with supporters. Bolton. Recent mar???? share at
Q. Park Rangers ground. Constructive report: consult^{ns} with
l.a.'s: heavy criticisms of Govt. if no action taken & another
disaster occurred.
- H.M. Opposⁿ a) from Clubs & financial.
b) from public because effect will be to reduce gates.
c) from Club supporters near Election.
Ctt^{ee} can consider later, if you like.
- A.V.A. F.A. wd. give genl. support. But no urgency so long as Police
control nos. admitted to ground.
- C.E. Ready to leave it to be considered later.

- A.V.A. Will you give facilities for the capital works involved?
- P.M. Tho' you passed legⁿ you wd. have to give them time to do the works.
Agreed: consider again later.
- T.W. Agricultural Provisions. Not yet sure of content. Must have it next year; for Ty. say we can't inseminate w'out legⁿ!
- A.B. Nurses Bill. Can't complete before end/year. Consult^{ns} with Assoc^{ns}: Midwifery w. party report not yet received.
This is right way to tackle it.
- A.W. Shop Tenure in Scotland. Racket: buy bldgs & blackmail tenants put in by M/Pensions. Will be pressure for Govt. action.
[Exit C.E.]
- E.B. Can't Rent Tribunal be extended to cover this?
- A.B. Can't do it for Scotland alone.
Don't suppose it's non-controversial.
Health Ministers & B/T. to consider & report to L.P. Ctt^{ee}.
Programme approved. [Exit W.W. & L.S.]

4. Economic Affairs.

- R.S.C. a) Latest figures of dollar drain.
b) Trade.
Finland concluded – tho' price/timber left open.
Poland .. – incldg. provⁿ for repaymt. of pre-war debt.
Yugoslavia broken down on any wide basis.
Belgium. Paymts. posⁿ v. diff. 200 m. on conclⁿ of agreemt. Oct. £26m. gold since: - rate of £1-2 m. a week. Told Belgium we can't go on – on basis no-one in Europe can settle balances in gold. B. trade with France has stopped: with us will be stopped on Monday unless accommⁿ reached. Bank of B. v. reluctant to increase internal inflation. If trade ceases, we shall pay what we owe to date & trade thereafter only to limit of what can be paid in available currencies.
- A.B. Effect on emplt. here?
- R.S.C. Shall lose steel. But B. must be made to face realities. This is only way.
- E.B. Had hoped to hold it over until Brussels mtg. cd. erect some machinery. Want some permanent machinery sugg^{ns} to discuss soon.
Some new financial system for w. Europe is requ^d. And Banks won't evolve it.

P.M. Scrap.

G.S. Decⁿ of Cab. to appoint w. party of officials. After consultⁿ with R.S.C. have departed from this –
a) awkward to get officials to go over work of Steel Bd. More effective also to have 3 outside people – G. Cunningham, k. Loch, D^r Slade.
b) Rpt. was to cover pig-iron as well as scrap. Steel Bd. have all knowledge on pig-iron. The Ctt^{ee} of 3 will do scrap & their Rpt. will include memo. by Steel Bd. on pig-iron.
Posⁿ is serious. Boils down to Germany – commercial Scrap. Ctt^{ee} of 3. to go at once to G. & go into this as matter of urgency.

P.M. Delay = G. scrap merchants' reluctance to accept marks.

G.S. Booty scrap we are getting. We have no title to comm. scrap. U.S. will co-operate now, but don't know what to do.

A.W. Confiscation wdn't solve it. Need G. labour to do it.

P.M. Take it & give G. workers food vice money.

T.W. Price?

G.S. Partly: it's a low figure. But mainly because they don't believe marks have any value.

P.M. Take it; and deal with scrap merchants later.

R.S.C. Prob. have to handle it like N. German Timber Control.

E.B. Consult F.O. when Rpt. of 3 is available.

A.B. Pig-iron. Is the industry using capacity to maximum.

G.S. Steel Bd. advice (inclgd. both sides of industry) is tht. industry is doing 100%. Sure there's room for some improvement here and there: but in general posⁿ seems to be satisfactory.

H.W. India has offered pig-iron in return for steel. We may get agreement on that.

E.B. G. can produce more steel. Told Robertson we will take it. Doubt if we've put same drive into steel as into coal. Agreed: major priority & all possible to be done.

A.B. Applⁿ of standards of tensile strengths. Too heavy a safety margin. Shd. revert to war-time 10 vice pre-war 8. tons.

R.S.C. B.S.I. have bn. considering for 12 months. Must hurry them up.

- A.B. Lower standard wd. economise substantially. Wd. save 250.000 tons of steel.
Can Supplies & Services Act be used to enforce modifⁿ of standard?
- R.S.C. Can only do it via B.S.I. For their standard is imported automatically by Surveyors etc.
- G.S. Will announce appoint^{mt} of Ctt^{ee} of 3 on Monday.
- H.M. Export/Import Gap. Increased in Jan.
- R.S.C. Due to price increases.
- A.W. Textile exports cpd. with pre-war.
- H.W. Rising fast – at last.
- E.B. Foreign Labour. Wd. Italian girls do?
- G.A.I. Diff^{ies} with It. Govt. Haven't exhausted other sources.
- E.B. Artists in pottery. Cd. we recruit small nos. Wd. help Italy, who have no outlet for emigratⁿ.
- H.W. Helpful suggⁿ qua pottery. Wd. like to consider it.
More decorators in Potteries wd. expand exports.
Agreed: M/L. and B/T. to consider & report to F.O.
- H.W. Finland. No dollars (in spite of 1947 pledge). More timber than we asked for. But much bigger price - £47.10.0. asked vice 40.
Decided to leave it open because repercussions.
- A.B. Can we review sources of plywood. Cd. then export houses.
- H.W. 30th trade agreemt. since summer; & 29 involved no dollars. Tribute to O.N. Ctt^{ee} & its central control.

1. Foreign Policy in Europe.

- E.B. Tried to work on 4-Power basis: and reliance on U.N.
Clear now that this policy won't achieve political settlement.
E.A.P. or any step inconsistent with Comm. policy provokes
stiff R. re-action.
Recomm^{ns} – (1) is now being pursued in Brussels.
But want also auth^y to approach other like-minded countries (4).
Don't want an exclusively Anglo-American basis.
Haven't reduced to detail – for much consultⁿ: talk will be
needed – see how we go.
Econ. policy – disunited.
Defence. Gt. nervousness. R. rocket stations w'in 200 miles of Paris.
Latest informⁿ: R. moving away from Greece & Turkey &
aiming rather thro' Italy & Spain. If that is done, bound to
provoke stiff re-action.
Appeasement won't do. As we haven't enough resources ourselves,
& U.S. too exclusive, must organise a wider union in Europe.
U.N. approach tried but failed.
Econ. side: Europe won't be viable even after Marshall Aid period.
On that a/c. also we need a new approach in w. Europe.
Don't want to base this on mil. defence alone.
Consult^{ns} will be long & wearisome.
- P.M. We are trying to build improved standards of living in U.K.
Disparity between costs of imports & exports.
We can't alone create those standards. Must widen basis.
Defence v. ideological attack must be based on high standards for
Comm. attack exploits misery.
Right line therefore to build economy founded on W. Europe and
satellites. This will give enough economic & mil. strength to
give independence of both R. and U.S.A. – tho' U.S. aid is
needed to give time to build.
- R.S.C. Urgency. France is in economic straits. Their measures haven't
succeeded. Deval. of franc hasn't stimulated trade (for prices
have risen) & they haven't repatriated their assets. Govt.
unlikely to survive. Alternatives = de G. or Comm. If France
goes, all chance of W. Union goes.
Asia. Also most urgent to hold India in Commonwealth.
Must devise a means w'out B. Crown. Affects Ceylon &
Malaya. And may admit R. influence.
- H.M. Situation recalls 1938.
- E.B. Even worse.

- H.M. R. determined not to be friendly. Success in Czecho. shows how much damage can be done in less developed countries.
Support R.S.C. view on urgency, qua economic situation.
Need for leadership in France.
Can't deal with this on defence basis alone.
What is most effective alternative to war? Propaganda offensive.
Need for P.W.E. This is more than publicising B. way of life.
Must be "black" as well as white. In Far East, India & in Europe. R. is sensitive to defeats on propaganda front.
We shd. make trouble for them. How far can U.S. help on this? What was their war experience?
Scandinavia. Norway & Sweden are in geograph. dangerous posⁿ.
Italy v. important. Need for specialised propaganda.
B.B.C. shd. be effective instrument.
- A. Doubtful of our ability to pull France round.
Support H.M. on propaganda.
Assume T.U.C. is doing something re penetration of Unions.
Externally, need for more action. Admire efficiency of R. methods. Our methods in comparison are clumsy.
Discussions with Commonwealth. V. important economically & politically. Want early talks. Their outlook is diff. Canada closely tied with U.S. but more alert than many to Comm. dangers. Australia: much Comm. penetration of Unions.
- R.S.C. Approach India before their constitution crystallises.
- A.B. Need for narrower study. Method of counter-attack will differ from country to country.
In U.K. Comm. penetration of Unions weakens them as well as frightens us. If the Comm. are there too long their colour becomes modified. cf. Homer, Harrington whose Communism is less violent than it was.
Too open an attack on Comm. officials in Unions will make them more Comm. than ever. Our line shd. be to prevent further penetration.
Italy – different. Danger spot. Must stimulate Socialists to more active political stand.
Less frightened than some re R. penetration. Believe they've gone too far. In developed countries like Czecho. they will have much more trouble. Study fringe States & explore pol. warfare there.
Comm. will lower their living standards & we shall be able to demonstrate it.
- C.E. Urgency. How much time for study? Need = show of action.
In Italy & France balanced on knife edge. And tottering in wrong direction. France: either d. G. or Comm. wd. be disastrous.
- A.B. Emergency action & long-term plan are not inconsistent.

- C.E. Finnish Treaty – if that imposed, we shall have to do something about Scandinavia.
- E.B. Propaganda will be one of instruments I shall use. Will all emerge. Development of backward countries. Don't like doing that with U.S. Wd. prefer a sort of central U.N.R.R.A. Fund. No country can ever afford to carry on another war. New forms of defence. W. Europe Budget. P.W.E. Willing to have it looked at. To-day want only authority to change general approach.
- A.B. Party machine shd. be used – for propaganda etc.
- E.B. Yes. Tho' I can't interfere with that. A stronger lead from Transport House would enable Social Dem. Parties to become more effective in W. Europ. countries. Can this be arranged?
- A.B. Limitations of finance on Transport House activities. There is much that F.O. can do. R.C. tradition is part radical. Get Vatican to shift over to economic radicalism. A big resistance to Communism. The Vatican shd. be mobilised. Wd. also make it easier for R.C. Parties to join with Socialist Parties.
- E.B. Have tried this. But a strong Amb. at Vatican may provoke Protestant re-action here.
- P.G.W. Support idea of P.W.E. Diff. from war-time machine. Cd. be got ready quickly & wd. have easier ideological task. Don't underestimate technical diff^{ies} – black & white etc. Time is short. Shdn't involve F.O. personnel. Shdn't use F. Service posts abroad. Must work under Ministerial direction.
- P.M. Points to be followed up. F.O. alone can't handle this.
- E.B. A body of officials like London Ctt^{ee}? Inter-departmental study: but action vis-à-vis foreign countries shd. be thro' single channel of F.O. Party assistance shd. be handled separately.
- A.V.A. Support recomm^{ns} in memo. But ques: urgency. Diff. to assess Soviet intentions. Their achievement is, however, spoils of victory w'out war. Agree they may over-reach themselves, but that may be occasion for war. Immediate consid^{ns} which will arise in Paris on 15/3. Tho' defence is secondary to economic problem, you will be asked for firm informⁿ re yr. intentions on defence.

- Norway, e.g. wants to know what support they can expect from us if they take a firmer line on W. Union.
- We shd. therefore a) decide wtr. you wish other Powers to join with us in saying to R. "no further".
- b) get an immediate military appreciation – (i) what is needed to support dipl. action (ii) what is our posⁿ if dipl. action fails. Wd. like to approach C.O.S. on that.
- P.W.E. Sugg^{ns} recently from King, Hall & Crossman. Am considering that. Do we need an official organⁿ – if so, under F.O. Or an outside advisory body incldg. those who worked in it before. Wd. like L.P. to discuss that with F.O.
- P.M. That needs much study.
- A.W. Any P.W.E. must be closely associated with F.O.
R. successes due to political warfare.
Need some such organisation.
Biggest popⁿ in Europe is still Germany. Their weight will be of vital moment. We can't fight G. and R. together.
Must clear our minds on what we think about G.
- T.W. R. tactics will change as they approach us. Fr. Comm. may well join with de G. to squeeze out centre.
- E.B. They are doing it now.
- G.A.I. Don't dismiss too lightly the danger of Communism in British Trade Unions. Danger = not men at top, but discrimination thro' branches & domination of Shop Stewards movement.
Unions are fighting this. Recent victories in T & G. Workers & even A.E.U.
T.U.'s shd. have help in this – e.g. any prepared propaganda shd. be given to them.
- H.W. Economic warfare. For W. Europe coming up in Monday's memo.
But F.O. shd. give a line to economic Dpts. re trade policy towards fringe countries. H'to, policy has been to be neutral.
Poland: we were v. generous. Yugoslavia, we have bn. tough (in both cases for purely economic reasons).
R. use bi-lateral trade negotiations as political weapon.
Proved in agreement with Czechoslovakia.
More F.O. guidance needed on this.
Scandinavia: we cd. certainly do more in trade agreements.
Thinking of sending Secy. D.O.T. to Sweden.
- E.B. Need for special study of Roumania & Bulgaria - by O.N.C.
E.g. the "Russian" maize for U.K. is in fact coming from Roumania, as reparations. Means that Roumania will default on reparations to west.

- G.T. P.W.E. Why haven't we exploited the spiritual values?
- E.B. Have bn. considering World Congress of Churches. Am told there is chance of R.C.'s coming in.
Wd. avoid my having to appeal to Vatican to use political influence.
Finally, don't assume no P.W.E. activities are going on.
- R.S.C. Where is dividing line between Party & Govt. activity?
Danger that fear of Comm. may drive people to Right.
Govt. propaganda shd therefore stress tht. it is Social
Democracy, not Democracy, against Communism.
- P.M. Prefer to say "democratic Socialism."
Not merely the Party's job. They haven't means or men to do it.
Govt. shd. not be ashamed to say it.
- A.B. We must preach success of Socialism.
B.B.C. are always selecting the anti-Socialist items in news.
- P.M. Agreed.
- A.V.A. R. is strongly armed. 4 m. men in Armed Forces. Has retained
larger Forces & equipment than any of Allies.
She has e.g. far more aircraft than we have. Far greater progress
in bldg. frames for jet engines than anyone here expected.
German help in exploiting fast submarine and long-range
projectile.
- A.W. B.B.C. also "puff" satellite countries.
- P.M. General agreement on line of approach.
Machinery & organisation required will be considered by me.
- A.W. Have we enough information e.g. about extent of Comm.
penetration in U.K.
- C.E. Regular report once a month. Will re-examine in light of this
morning's discussion.
Believe Communism is more dangerous in U.K. than Fascism.

1. Siam.

E.B. Author of the coup has bn. P.M. ever since; & has had vote of confidence.

Recommend we shd. now recognise his Govt.

2. European Recovery Programme: Continuing Organisation.

E.B. Memo. by Ldn. Ctt^{ee} approved by E.P.C.
Involves re-orientⁿ of our economy – some loss of U.K.
independence over economic life. Need to inform Doms. of
this. Much too for C.O. to study.

R.S.C. Endorsed. Profound change in overseas econ. policy. Favour it as
only chance. But commits us to close assocⁿ with W. Europe
& to considering their interests as well as our own in econ.
matters. Must weave that into our relations with Doms. & for
some (e.g. Canada) consequences may be awkward.
No real choice, but must have our eyes open to what we are doing.

P.M. Cd. remain separate in B. Comm. but wd. involve lower standard
of life.
Room for economy dependent neither on Soviet nor on U.S. – can
give high standard – but must be integrated with W. Europe,
and overseas dependencies of all. Means accepting planned
economy for Europe. Ques. for us: are we ready to say that our
planning shall now extend to Europe.

T.W. Diff. to oppose this. Drastic action needed to get viable.
But realise what it may mean. Para. 11. May not happen soon.
But may be argued we shd. grow more grain & reduce our
imports & leave Europe to send us more meat. Might
threaten our agric. expansion p'mme. Control allocation of
coarse grains might well tend in that direction. W^d limit
our freedom to buy.

H.W. May suffer in short run, in imports of food & materials; but will
strengthen our posⁿ in long term.
But no alternative, apart from F.O. angle.

P.M. Unemployment?

H.W. Diff. to say – depends on Marshall supplies.

H.M. Genl. agreement: for, if W. Europe goes economically, it will go
politically too & situation will then be grave.
But must have eyes open to risks. Hope they may be mitigated.

- Shd. make most careful plans & have organⁿ to make it success.
 French, Italy are bad administrators – and Govt. bad too.
 Much therefore will rest on our planning & intelligence
 organisation. We must get inside & make the internat^l show
 work.
- Suppose, even so, Fr. & Italy collapse. May be vital that we shd. be
 able to pull out. Keep that in mind.
- Morals & publicity leadership of Europe must be taken care of – on
 lines of U.K. publicity. Encourage Fr. & Italy to do it for
 themselves: but U.K. Ministers cd. also appeal to foreign
 publics in speeches.
- N.B. Shall have trouble with B'brook Press. And need for active
 consultⁿ with Doms. before they see our view on this.
 In fact, most of this will be of long-run benefit to Doms. as giving
 them Europe as market for their expanded prodⁿ.
 My advisers want to avoid dramatic commⁿ to Doms. Go slowly.
 Don't propose hasty Conference.
- C.J. Endorse general principle. Col. developmt. depends on healthy
 Europe. Fr. has exclusive economic attitude to her Colonies –
 shall have to break that down. Respect for Col. Govts: avoid
 impressⁿ of exploitation.
- P.M. New to me tht. there will be immediate hardships for U.K. as result
 of this. Will it?
- R.S.C. Our standard has bn. higher than Europe. And we've bought our
 imports widely & well. They may press now for a larger
 share. Needn't interfere much with us, esp. if the cake becomes
 larger.
- H.W. Coarse grains – we have pirated market. Allocⁿ will prob. cause
 quick drop, recovering later.
 Timber – we have pirated. Shd. be little worse off.
- A.B. Assume this doesn't affect Ruhr steel?
- E.B. No commitment.
- A.B. Short-run worsening. From preventg. undue concentⁿ of hardship in
 any one country. We may have to agree to econ. assistance for
 pol. reasons – e.g. for N. Italy.
 Must be in short-term price for long-term benefits.
 Doms. shd. be brought in at earliest stages – on planning &
 formulating policy.
 Present this optimistically – not as forced on us by R. intransigence.
 As Socialists we shd. have liked to do this years ago.
 Emphasise positive aspects of W. Union, throughout.
- A.W. No other way.

But mistake if accompanied by consumption cuts.
 Will our standards of living or investment p'mmes have to be cut
 in early consequence? If so, can cuts be made before this?
 Future. How will the area pay for its imports? We managed to
 pay pre-war. But Germany cdn't. Will that diffy. arise
 again? What consequences will it have for us?

- R.S.C. This scheme won't affect our standards soon. Those will turn on
 Marshall Plan. Longer-term: if Doms. etc. increase their
 prodⁿ, hope for corr. increase of prodⁿ in Europe: & exchange
 of goods w'in this enlarged sterling area. Take no more from
 dollar area than they will buy from us.
- A.V.A. Risk of undercutting B. sales because lower wage rates in Europe.
- P.M. That is why E.B. has suggested equalisation of social services.
- G.A.I. Does this mean we shd. slow down our importⁿ of f. labour?
 If unemployt. may arise here.
- A.B. How quickly can Doms. be associated with this?
- G.T. Europ. recovery essential to ours. But keep Doms. in, & bring them
 along with us.
- A. Not wholly convinced.
 Need to intensify supply from Doms. & Colonies – if Europe can't be
 viable at end/Marshall.
 Some of the 16 are weak partners. Must see that our organⁿ is
 available, as H.M. suggests.
 Support T.W.'s point. Livestock is our proper road of agric. expans.
 Doms. Essential they shd. be brought in from beginning.
 Need for great care in presentⁿ.
- N.B. Intentions. Telegram to go to-day to Dom. Govts.
 E.B. to meet High Commrs. this week.
 Send gloss on speech to be made by E.B. on 15/3.
- E.B. Remember Doms. differ. Canada won't join in this. They will follow
 U.S. lead, in or out. I don't want U.S. to play too big a part:
 don't therefore want to force U.S. on by urging Canada to
 support this.
 Australia & N.Z. will support it. Cdn't they second some good
 economists to work with us in Ldn.
 Dom. liaison is good on defence: But not good on pol. and
 economic ques.
 This = opportunity for getting Dom. liaison perfected, prs. on defence
 analogy.
 Disturbed at talk of lowering standards. My object in this is to raise
 them. The 2/3rds. calculⁿ depends on vigour with wh. we push idea of

Purpose of this memo. To commend a Continuing Organⁿ.
Is it 4 years or perpetual? Argument for latter: otherwise can't play Europe & it becomes mere charity.
French administration not so bad (?).
High Commrs. in Doms. Can it be overhauled? Too much reliance in past on telegrams. Need for discussion. Liaison with Doms. must be improved.
Sent Franks to U.S. But done nothing comparable in Canada. S. Africa also needs review.
Liaison betwn. Doms & Continuing Organⁿ might be misunderstood in Doms. And each Dom. country must be considered separately on merits.
If U.S. Administrator appt^d in Ldn., might get financial & economic experts posted to Dom. High Commrs. in Ldn.
Steel. Don't know what will happen. My aim, however (in German talks) is to review over-capitalisation of B., Belgian & German industry. Revive international cartel (!) "was done well pre-war."

Para. 11 contemplates drastic changes.
Para. 9 of Annex.
Not my pessimism.
Hope these expressions of opinion will
Memo. approved.

3. Germany: Tripartite Discussions.

Circulated for informⁿ.

Can discuss at another mtg.

4. Monopolistic Practices Bill.

Agreed: interested Ministers to meet (with R.S.C. or H.M.) & Cab.
to discuss revised memo. on Thurs.
[Enter B., H.G., J.S., G.S., C.K.]

5. Wages Policy.

Wdn't want to bring to everyone's notice for that wd. provoke
exp^{ns} of view on wh. it applies to.

What of Bds.

Decided to do it.

“No need to charge maximum prices.” Cd. that be stressed?

R.S.C. Yes: when we have views of F.B.I.
Agreed.
[Exit above. Enter W.W.]

6. Electoral Reform.

C.E. Feeling in Party that 80.000 electorates are too much for the Member. Case for dividing these has bn. made out. Satisfies all vocal boros. save Plymouth, who want us to take a/c. of 1947 populⁿ instead of 1946.

H.M. My only worry now is wtr. concessions go too far. Bristol, Leeds, Leicester & Nott. are add^{ns}, not restorations of cuts proposed by Boundary Commⁿ. Last column shows all below 53.000 – low in relation to average.

C.E. Don't regard this as connected with C/London or Univ. Franchise ques. (H.M. had said Oppos wd. propose a compromise based on relating the two.)
These proposals were framed on merits.

W.W. Diff^{ies} with Govt. supporters – met by C.E.'s scheme. Think we shd. go ahead with this.

H.M. Opposⁿ will also say Parties shdn't tinker with this uni-laterally.

C.E. No auth^y in the text-books for Tory line tht. this shd. be done by all-Party Conference.

P.M. Never has, save when coalition Govt. in office.
Agreed.
C.E. to ask Speaker to instruct Boundary Commⁿ.

7. House of Lords Reform.

P.M. Lords generally inclined to accept our views on principles of composition.
Then discussed Bill. They want 12 mos. from 3rd Rdg.
We offered 12 or 6 formula. They think this empty concession.
Possible compromises. Real limit = 13 months, not 12.
We have considered 12 or 9 formula. effects on Coal, electricity, Transport (14½), etc. Effect: prob. 1 add^l month as cpd, Bill as now. But incentive to obstruction in H/C.
That wd. mean guillotine: and wd. reach H/L. incomplete & exposed to criticism. And H/L. might decline to amend it.

May be said we have got away from obstructⁿ, but not from guillotine.

Effect of 12 & 9 formula on Steel Bill. Cd. pass by 12.2.50.
Cd. get it in time. Risk, however, untidy because passed by
H/C. under guillotine.
Situation. Will Tories insist on 12 months from 3rd Rdg. or break?
Will Party acquiesce in 12 or 9 formula?

- A. Tories forced by debates to press for 12 mos. from 3rd Rdg.
We cdn't ask Party to accept that.
No practical diff^y over 12 or 9 formula. Shd. be so drafted as to
exclude the extra month.
Believe Tories wd. accept that rather than break.
Recommend therefore offering 12 or 9. Go no further. And then it
must be an agreed Bill.
- W.W. 12 or 9 & agreed Bill is easier for us than having Parlt. Bill
rejected. Bill cdn't then be enacted until Dec. 1949:
& Steel Bill wdn't go thro' until Mar. 1950.
- A.B. Not comm^d on composition.
My idea was tht. these talks shd. go on concurrently with Steel B.
- P.M. Both composⁿ & powers are being discussed concurrently w'out
commitmt. Agreed already tht. Bill will pass or be rejected
this Sess.
- A.B. But if you make H/L. a revising Chamber period of delay might
be less than 12 months.
- P.M. Suppose controversial Bill takes v. long in H/C., 12 months is not
long. Exp. if Bills need much amendmt. in H/L.
- A.B. The 2 yrs. is result of struggle between 2 Houses.
When Bill passed, period is what we think right. We have
admitted it.
- P.M. No: 9 mos. may be necessary in extreme case. That is all we
admit by such legⁿ.
All I want to-day is to know wtr. we can put fwd. 12 or 9 formula –
no final decision.
- H.M. Can't negotiate unless we know tht. Cabinet wd. contemplate 12 or 9.
The 12 is fixed in Party's mind.
Not sure we shall exclude the 1 month.
May therefore mean extending delay up to 3 months.
But advantages a) shall have reduced 24 mos. to at least 15.
b) new composition of H/L. wd. be v. helpful.
c) on Parlt. Bill, we shall have agreed Bill
not likely to be reversed.
My view is therefore 12 or 9 is worth trying, in spite of diff^{ies} with
Party. But Cab. must be united behind this.

If not, better not try.

R.S.C. Whole point: effect on 4th Session. 5th Session is no use now.
Resume discussion, on memo. on Thursday.

1. Monopolistic Practices Bill.

- H.W. Sanctions. Limited to those designed to end the bad practices not to wreck the firm. Power to make Order. But publicity will in practice suffice.
- A.B. We shd. take wider powers. These will be inadequate. cf. Supplies & Services Bill, which has proved inadequate for important purposes.
Under this Bill, you prove price is too high (not easy) then go to the courts (bad instrument for this purpose because “restraint of trade” theory isn’t now enforced).
W’out power to make up the trust itself we can’t succeed. cf. my diff^{ies} with bldg. rings: cdn’t prove price was too high: had to refuse tenders to ring as such.
Prefer therefore simple power to make trusts as such.
- P.M. You are relying on complaint. Will people complain.
- R.S.C. Object is not to destroy monopolies but to control them. Can’t afford to break some monopolies because most efficient undertakings. We believe monopolies are good if nationalised. Inherently, Coal Board is as much a monopoly as I.C.I.
- A.V.A. Wd. prefer a definition of illegal restrictive practice: & then proceed in courts. For it’s not only the v. large unit which engages in monopolistic practices. Bldg., e.g. = no. of small units.
- H.W. Aim is to go for the rings of small units, not to bust the big trusts. cf. recomm^{ns} of Simon Ctt^{ee} on bldg. materials rings. This Bill wd. enable us to deal with that on basis recommended by Ctt^{ee}.
- P.M. “Imperfect competition”. Is this our criterion?
- R.S.C. Yes: for capitalist industry.
- E.B. No: that’s anarchy.
- P.M. We don’t want anarchic competⁿ.
- H.W. Our aim is to remove the injustices to consumer which arise in cond^{ns} of imperfect competition.
- A.B. No power to deal with the big boys, only the small. Monopoly in private hands controls the State. Can’t control it w’out owning it.
- A.V.A. Cl. 3. Diff. to prove will work effectively.

[Exit H.G.]

A.V.A. Excludes wages etc. But what opportunity to examine methods of distributing profits.

E.B. Dilemma for me. I've formed as many employers' assoc^{ns} as Trade Unions. To avoid anarchy of no-body to deal with.
Price. State shd. compete when you don't nationalise in order to get competition costs.

[Exit C.E.]

H.M. Bill is about right.
Suppose it came to busting e.g. I.C.I. or Unilever? Wd. have to promote legⁿ to socialise it.
But their activities cd. be controlled under this Bill.
Trade assoc^{ns}, however, necessary in themselves are exploiting consumer e.g. by cond^{ns} of sale, restricting entry into industry, price fixing.
Definitions may tie you up.
We are comm^d to legislation on this.

P.M. Approach is wrong. Implies tht. Govt. believe in "perfect competition". Don't accept that philosophy.

H.W. I wd. prefer "restraint of trade".
But see how Bill works. When I have referred to Commⁿ because imperfect competition, see what Commⁿ has to look for.
It isn't a test of perfect competitⁿ.

P.M. But Bill assumes tht. perfect competition = public interest.

H.W. Cd. find another phrase for "imperfect competition".

A.W. M/Supply itself is preventing new entrants to radio valve trade: for defence reasons. Isn't that inconsistent with Bill?

P.M. a) Let basis for reference to Commⁿ be where B/T. satisfied tht. there are monopolistic practices.
b) What is posⁿ re big trusts.

H.W. There is power to control them under Bill.
Power to bust them must be taken in ad hoc legⁿ.

P.M. c) How effective? You said publicity alone wd. suffice.
I doubt tht. How do you get round gentlemen's agreement unwritten?

H.W. Mostly put in writing because someone has incentive to break.

J. This wd. put law back to condⁿ in wh. courts wd. prevent practices in restraint of trade.

H.W. Monopoly wdn't dare to go on after Order made.
On breach of injunction, directors go to jail & stay there.
Certain other sanctions e.g. price control, not needed in Bill.
State prodⁿ in competⁿ: can be done w'out legⁿ.

P.M. Who declares "public interest"

H.W. Not now B/Trade.

A.B. I want Commⁿ to have power to initiate enquiry. A Tory B/T. won't refer anything to Commⁿ.

H.W. Lots wd. become ineffective under Tory Govt.

R.S.C. Commⁿ can't be prosecutor as well as judge.

P.M. This Bill is politically v. vulnerable. [Enter A.

P.M. Omissions: transport: T.U. practices.

J.S. Need for some power to break rings in food trade.
This Bill wd. be v. important in retail food distribution.

A.W. Machinery shd. be flexible. Diff. to deny that combination is sometimes necessary for efficiency. Let's have a Tribunal but don't tie it down.

J. Omit "imperfect competⁿ". Use "restraint of trade" & attempt a definition. Re-draft Bill on this basis.

P.M. Wd. like also to scrutinise proposed powers of B/Trade.
Doesn't this Bill give them too much?

N.B. Add power of Govt. prodⁿ

H.W. Not necessary.

Agreed: H.M. to convene mtg. of Ministers.

[Exit C.K., G.S.
[Enter H., A.H.]

2. Ration Scales for Forces Overseas.

A.V.A. As in memo. Accept reductions save for Palestine & Germany.

R.S.C. Dollar saving = \$8m. p. annum.
They are getting nearly 3 times as much as heavy worker in U.K.

- J.S. Two cuts proposed for Germany. A.V.A. is only resisting the additional cut!
- A.V.A. Net saving on my modified plan = \$5m. approximately.
Even that is worth having.
- H. Diff. scales in Med. & F/East.
Ready to bring F/East down to Med. scale.
- R.S.C. Wd. affect only a few thousand men. Real saving wd. be on general redⁿ.
Calory content will be same. Ques. of varying from dollar to non. dollar foods.
- A.H. R.A.F. in F/E. are eating 6 fish meals a week now.
Diff. to find alternative supplies if these cuts are made.
- R.S.C. At home, we have agreed to come down to heavy worker level.
Can we justify 3 times that amount abroad?
- A.H. } Cond^{ns} abroad are v. much more diff. as regards alternative supplies.
H. } Civil op^{ns} aren't rational at all, in these areas.
If substitutes cost more, messing allowances may have to be increased.
- J.S. My scientists say the genl. reduction can be made w'out effect on health.

Memo. approved.

M/T. to consider Merchant Navy.

[Exit H., B., J.S. & A.H.]

3. Parliament.

- H.M. Business for next week.
- Palestine Bill.
Opposⁿ won't like takg. 3rd Rdg. so soon. Want to wait for U.N. vote.
- A.B. Much uneasiness in Party. Better from that angle to get it over quick.
- E.B. No delay. Must get out by 15/5.
- H.M. May be union betwn. Tories & our dissidents.
- Easter Recess.
W.W. From 25/3 to 6/4.
- H.M. Must try to get longer at Whitsun.

W.W. If we can.

Budget Debate.

H.M. Oppⁿ may not now agree to merge debate on Survey. But we must stand firm on that.

Agreed.

Statement on Communists & Fascists in C. Service.

P.M. Take it on Monday. Because congestion to-day.

Broadcasts for Greater Output.

P.M. Jangle of voices. But awkward to reject.
Read draft. Don't like it.

x/ Prefer to say agree with object, but doubt if best method.

A.B. Better say matter for Party Leaders to raise with B.B.C.
No reason why P.M. shd. reply on this to back-bencher.

H.M. I don't want this. Too many politicians b'casting.
Cd. Opposⁿ do it w'out being controversial.

Agreed as at x/.

Bust of Snowden to be put in H/Commons.

H.M. Bust of Snowden in H/C.

R.S.C. Not until after 10 years. That has now expired. Bust was in my room:
I sugg^d to H/C they shd. now have it.

P.M. No precedent for C/Exch. to stand in H/C.
Don't want to have him there.
Many Party Leaders are not put there.
Leave it with Treasury. 11. Downing Street wd. do.

4. Silver Wedding of King & Queen.

P.M. Shd. Cabinet make a present?

Agreed: P.M. to deal with it.

G.T. Palace have asked tht. schools shd. have a day's holiday.

A.B. Half holiday so that children can get their free dinner.

Agreed: half-holiday.

5. Parliament: Amendment of Parliament Bill.

- P.M. As in memo.
- A.B. Will reformed H/L. operate under this Act?
- H.M. Yes.
- A.B. That makes it wholly objectionable. Trouble with Party.
Don't weaken Govt. posⁿ by further concessions.
Can't agree tht. a revising Chamber needs period of 15 mos.
Elevates it to posⁿ challenging Chamber.
They know principles of Bill from introduction.
Obstruction by Opposⁿ in H/C. can extend period.
- T.W. Shall we serious trouble with Party over this?
H/L. has certain powers. Basis of discⁿ was, if agreemt. reached on
Bill, may get agreed reform of H/L. That wd. avoid much
discussion of H/L. reform.
This isn't much of a concession. And if it were, it wd. be well worth
while to pay this price for ending permanent Tory majority in
H/Lords.
Surely this is worth putting to Party.
- A.B. Remember tht. R.S.C. & I were v. doubtful about having these
discussions at all.
- P.M. Want general assurance at this stage tht. Cabinet think this worth
pursuing.
Wdn't encourage obstruction in H/C.
- A. M/H. is making 1 1/2 months (maximum) a major issue.
Advantages of agreement all round.
Chance of getting a fairly representative H/L. Does A.B. realise diff^{ies}
of Labour rep^{ves} in existing H/L.?
By no means sure Tories will accept 12 or 9 formula. But let them
have onus of refusing it.
- A.W. This Act, in opⁿ 36 years, used only twice. H/L. has not in fact delayed
legislation.
Why strain now at adding 1 1/2 months to period in Bill?
Shd. this Govt. turn aside from offer to abolish hereditary principle in
H/L.
Favour common sense vice dogma.
- J. C.E. asked me to say the favoured formula. Stupid to break down on
this small point.
Democracy is govt. by discⁿ. Involves give & take. We ought to try to
meet Opposⁿ views.
Our proposal in Bill = 13 months. This wd. prob. = 14 1/2.

And in return we get, by consent, settlement of composⁿ & powers of H/L.

- N.B. Favour proposal.
But recognise we may have trouble in Party Conference.
Must prepare the way for that.
- P.M. This wd. involve abandonment of claim to hereditary principle.
No claim to elective 2nd Chamber: therefore no challenge to lower House.
Gt. advantage in getting rid of those.
- A.B. This is much more than academic.
Tories want a revised H/L. more than I do. For I'm not sure we need a 2nd Chamber at all. If they want it, why not let them make concessions on powers. Why shd. I make a concession for somethg. I don't want.
We have no mandate, from Party or country, on this subject.
Much bad blood will be created in Party.
- G.A.I. Let's see what the trouble is. We can sound Party & shape future course accordingly.
- A.V.A. Have never seen advantages of disc^{ns}.
- P.M. Yes: for if we imposed it Tories wd. reverse it.
- E.B. Satisfied there must be 2nd Chamber to revise legⁿ – as locus penitentiae.
- H.M. Don't like makg. this concession. But clear we can't get agreemt. for less than 12 or 9.
This wd. give saving of 9 mos. as cpd. with 1911 Act.
Country wd. prefer this Bill handled by agreemt.
Revised H/L. wd. be good thing to have.
Will Party wear this? My judgmt. is tht. we shd. make up our minds on sensible course & argue it. They come round.
Their political judgmt. has improved.
Party shd. be persuadable. Executive may be more difficult.
Agree there will be discussion.
Hope Cab. will be united on this approach to Party.
- R.S.C. Wd. accept this if reform scheme is acceptable.
- P.M. Broad scheme = Hereditary principle abandoned.
Initial composition = Privy Councillors, 5 Bishops & odds & ends.
Remainder = Life Lords of Parlt. on recomm^{ns} of P.M., after consultⁿ with Party Leaders.
Not a fixed number: but about 300.
Thereafter nomination of life by P.M.

A.B. Omit final sentence of memo.

H.M. Cab. can be free to look at whole thing again.
But don't want Ministers lobbying in Party.

E.B. | If scheme is satisfy. as a whole and 9 mos. formula is in it, I will
defend it
| – here and in Party.
x |

P.M. | Therefore wd. this be a possible ingredient in a scheme?

A.B. Can you complete all these discⁿ on reform in time to allow Bill to go
thro' this Session.

P.M. Yes: we must get a firm agreement on reform before end of this
Session.

Agreed as at x/.

[Exit W.W.
[Re enter C.E.

6. Lane Pictures.

P.M. Lane's intention is disputable. The law isn't.
Tate Gallery Bill isn't urgent.
Why raise this thorny ques. Leave it alone.

N.B. I agree.
Irish Comms (Dulanty) wd. accept delay.

Agreed – on this basis.

7. Transjordan.

E.B. Have refused to revise Treaty when their Mission came here.
Declined to give them Treaty on same basis as Iraq.
Met at Amman. They have now agreed on Iraq model.
Want to sign if ratified.

Agreed.

8. Western Union.

E.B. Benelux Treaties will come to Cab. on Mon. Formulae will be agreed
with Dpts. etc. Whole draft subject to approval.
They want me to go on from Paris to Brussels to sign.

9. Germany - Conference.

Proceedings approved. E.B. authorised to tell France & U.S.

1. Foreign Policy in Europe.

- H.McN. Explained draft Treaty, article by article.
Fairly smooth negot^{ns}. All have agreed save Dutch, who have asked
for delay till 5pm. to-day. But don't expect more than verbal
sugg^{ns}.
Expect to be ready for signature on Wed.
- A.V.A. C.O.S. are studying implic^{ns} of Art IV. They incline to view tht. no
practical plans cd. succeed w'out U.S. support. May get U.S. to
under-write this.
- H.M. Is "armed attack" right? Limited to unprovoked aggression? Wd. it
commit us to help if attack had bn. invited by provocative dipl.
action?
- H.McN. Art 51 imports that. But not clear they are carried in.
- J. Take care not to water it down too much.
- G.W. Doms. have seen: no comments received.
- C.J. Does Art 1. include overseas territories?
- P.M. Yes, by implication.
- C.J. Would Art IV cover attack on Gib. and Malta?
- P.M. Yes.
- H.M. V. grave importance of this.
Importance of U.S. support.
Art II. Gt. complications because their standards must be lower than
ours pro-tem. When concrete propos^{ns} emerge L.P. Ctt^{ee} shd. see
them.
Need for publicity for E.B.'s speech and this Treaty. F.O. shd. pay
special attentⁿ to this. On signature, cd. F.O. get B.B.C. to do
some special feature & running commentary + musical
accompaniment. Interruption of p'mmes. Newsreels also.
Need for continuing publicity effort by F.O. – with assistance from
good P.R.O.'s. Chance to seize publicity initiative.
- P.M. Steer comment away from Art IV. Concentrate on Art I.
- H.M. Notes for Ministers speeches.
- J. Italian Elections 18/4. Hope attentⁿ will be drawn to provⁿ for other
nations to join.

A.W. Art VIII. Albanian dispute court found diffy. in acting judicially.

R.S.C. Diffy. was because Albania hadn't agreed to submit.

2. International Trade Organisation.

H.W. This memo. explains differences from Geneva text, which was approved by Cab. and Parlt.

Ques.: Shd. we sign or stand out? If we stood out, we shd. do so alone.

World Conf^{ee} at Havana – includes 60 nations, many of them difficult. Various problems overcome.

Various drafting amendments.

Various minor changes – mainly to our advantage.

Three major issues – a) quotas for development.

U.S. have yielded on this to get S. Americans in.

We don't like new text. But don't dislike it enough to stand out on this. R.S.C. agrees. E.P.C. agreed on 11/12 tht. we cdn't. expect to prevent developmt. of under-developed countries.

And it's subject to "posterior disapproval".

Doms. of course favour this.

b) Non-discrimination. Big struggle: R.S.C. and I have seen U.S. Ambassador. Draft emerged from sub-Ctt^{ee} y'day which improves on our Geneva posⁿ. Provides 3 options for all countries (i) I.M.F. rules (ii) discriminate up to 1952 up to extent we were in 15th Feb. '48. (iii) Geneva rules as approved by Cab. previously.

This means, while in b/p diff^{ies}, we are free to discriminate up to '52 with virtually no post disapproval: thereafter more freedom than in Geneva draft.

All academic while we are subj. to s. 9. of Loan Agreement.

But when this agreed we can substitute it for s. 9.

Adminⁿ have promised to discuss when Havana signed.

This = our only hope of getting out of art. 9.

We must ratify here until art. 9 is out of the way.

[But demand for earlier debate.]

c) Preferences. S. Am. and M/E. countries made it key issue at Havana. tht. regions shd. be allowed to introduce new preferences. Doms. supported it. We said we cdn't allow that & not have it cover Dom. preferences. U.S. then agreed to interpretive note to Art. 9. This is far from perfect from our angle. I. & O. "need not". But it may interpret this as requiring contiguity.

All I can say is tht. it gives us some chance of getting new or increased preferences.

New change: automatic approval of changes requ^d for development app^d under the Charter. This agreed over week-end.

Point = political rather than economic. Our developmt. schemes in Commonwealth won't be based on preferences. Also

Doms. are against us on this. They don't feel nearly so strongly in favour of preferences.
Canada looking more to U.S. A. and N.Z. are giving priority to developing secondary industries. And wd. prefer to build up trade with us by bulk purchase etc.

- A. Relieved by new messages from Havana.
On c). App. 9 (Art 15). $\frac{2}{3}$ rds majority required.
Interpretⁿ of "economic region". Cd. get round it by bulk purchase etc. But foresee many disputes.
Don't believe "economic region" really means anything.
Tho' not so vital prs. if we rely on bulk purchase etc.
- On b) Latest draft transforms the situation.
Early draft (App 10). Parly. diffy. because didn't release us from Art. 9 of Loan Agreement.
Essential not to ratify until U.S. has ratified and released from Art. 9.
- R.S.C. Only purpose of interpretative footnote is to cover B. Commonwealth.
Every one knows that. No doubt cd. ever arise that this covered us.
- P.M. Most stupid way of handling it.
- R.S.C. I agree. But are we to lose I.T.O. because of this?
- A. Can we say: we understand phrase to cover B. Comm.
- H.W. x/ Yes: not only that. But cd. add we shall watch working of I.T.O. & if it works to disadvantage of B. Comm. we shall come out.
Make this statement at moment of signing.
- A.B. This language will involve v. diff. political situation for us.
Land-mass contiguity conception. Hitler, Stalin and now U.S.A. Ignores the ship. Tories will say this is end of B. Empire. To reply tht. Doms. ndn't support us won't help - for they will say that's due to faulty U.K. leadership.
Even at this stage we shd. try to get better words here.
U.S. have let us down eg. over synthetic rubber.
- H.W. Qua B. Comm. we are better off than at Geneva, where we had no power to make new preferences or increase old.
The attack must be tht. others have even more power.
Right answer is: we aren't in Ottawa period – developmt. schemes, long-term contracts etc.
- R.S.C. And this = Australian proposal. And all Doms. thought it enough for their purposes and ours.
Do you refuse to sign if you can't get better words?

- P.M. You can only make declaration as at x/ on signature.
No discrimination in this against B. Commonwealth.
- J. Add in 4(a) “such as that which now exists between countries of B.
Commonwealth.”
- R.S.C. How cd. Clayton accept such words?
- Agreed on c). Try to get better words: if we fail, make
declaration as at x/.
- A. On b): Effect on our posⁿ under Art. 9 of loan.
Geneva rules alternative. Can we opt for it at once?
- R.S.C. Yes. Release fr. Art. 9. only with U.S. Govt. But the Loan Agreemt.
contemplated Art. 9 wd. give place to any internat^l agreed
formula. And we can press U.S. to release us from Art. 9. as
soon as this is agreed.
- A. What happens after 1952? Must apply to Organisations?
- H.W. At Geneva: prior approval needed to m'tain.
Now provided: can continue after 1952, but other countries can
complain. For new discrim^{ns} prior approval will be required.
- Agreed: Authorise Delegation to sign subject to decision noted
above re Preferences.
- [Exit: H.McN. & G.W.]
3. Fees for Less of Development Values.
- L.S. As in memo.
Submit^d to Cab. because amount of fees may be. v. large (£14 m).
- R.S.C. Para. 6 overstates my concurrence.
Diff. point.
- a) Tho' we mean to pay only £300m. agreed claims will total
£1.000 – 1.500m. Discussed at length with Eve to see wht.
amount paid in costs cd. be related to £300m. But can't
because total amounts won't be settled for 3 years.
 - b) No qualification can be defined. Risk therefore of racketeers
claiming Govt. fees. Thought of discussing with Chartered
Surveyors wht. order can be brought into this “profession”.
£14m = 5 years receipts of the profession. We must at least
be sure it goes to honest men.
- A.B. How did you pay £66m to coal?
- A.W. In Scotland this is mostly done by Solrs.

L.S. Agree we must define who can do it.

R.S.C. But how?

P.M. Can't you set up State organisation. And those who don't go to it can pay own fees.

A.B. What of distributing the £60m. to doctors. Are we to pay those fees?

L.S. Different because we aren't paying the real value – only 4/= in £.

R.S.C. Administrative argument is the only one which appeals to me.

T.W. That's the point: need to get it done quickly & well by reliable people.

H.M. Cd. claimants reach agreemt. with Valuer.

R.S.C. Ordinary man can't formulate a claim. Can't therefore start the thing off w'out skilled assistance.

A.B. Better to employ a no. of people on a salary to whom claimants may go.

R.S.C. Not available to hire.

J. You wdn't get good professionals anyway under this scheme.
At least honest rag tag & bobtail wd. come in.

R.S.C. But the dishonest racketeer wd. be excluded.

A.V.A. Am opposed in principle to paying claimants fees.

R.S.C. Will cost Land Bd. twice as much to unravel claims made w'out professional help.

P.M. Can't Govt. publish a panel of people & fees.

A. Where will this stop?

P.M. How did you think when Bill was going thro' tht. this was going to be done? Was this envisaged?

L.S. No.

Indisposed to favour principle of paying fees.
Ty. & T.C.P. to devise alternative scheme.

[Exit L.S.]

4. Pay of Senior Police Officers.

- C.E. As in memo.
V. much concerned about Police efficiency. Wd. be diff. to m'tain their confidence in good faith of central Govt. if this bargain, made long before W. Paper, were dishonoured.
Scotland were kept fully informed throughout.
Commend my proposals, as in memo.
- A.W. Sympathise with C.E.
My predecessor didn't join this Ctt^{ee}
a) our l.a.'s had made us demand
b) we have fewer scales
c) we had no compuls. amalgamⁿ of Forces
But demand from Federation – for increases - heavy pressure.
That is my fear. Will it make for good feeling in Force to give advances to senior men & then clamp down on rank & file. Fedⁿ will quote W. Paper against us.
Repercussions on fireman etc.
Workers don't like police – don't regard them as productive.
Thought H.O. wd. not be committed by report.
Wiser to hurry on the main enquiry: and ask Ch. C.'s to wait, as a patriotic act.
- R.S.C. Diff. to assert to H.O. proposal.
Wd. be, not only agreeing to higher rates, but forcing unwilling l.a.'s to do so.
W. Paper have express undertakg. tht. Govt. wd. not increase. We have taken that line re Civil Service. If we do this for Police, repercussions will start.
If we do this for higher salaries, how can we ask rank & file to wait?
- G.A.I. Support H.O. Negotiations started early '47: decision reached: accident that it hasn't bn. implemented.
W. Paper was addressed to new negot^{ns}.
To support principle of collective bargaining, we must put this thro'.
- H.M. These are not negotiations. They had no power to settle.
- A.B. Agree. This = enquiry. L.a.'s tell me they are resisting because wd. have repercussions throughout l.a. employees.
Cab. at last mtg. asked me to send W. Paper to all l.a.'s. I've done so.
Can Cab. now agree to this? Delay caused by reluctance of l.a.'s to make these increases?
- H.M. F. Divn. is windy. This language in memo. in relation to Co. Ch.C's, is overdone. L.a.'s are in gt. difficulty over staff pay: N.A.L.G.O. etc. C.C. Assocⁿ have rejected: Sc. l.a.'s are all against it.
Some of these salaries are diff. to defend e.g. Rutland.

A. This completes Police pay review concluded by end '46 for r/file.

Agreed { Defer this action
 { C.E. will consider his posⁿ vis-à-vis Ch.C's.
 { P.M. or R.S.C. to join him in explaining to
 Ch.C's.

1. Parliament.

H.M. Business for next week.

W.W. May have to be re-arranged if Pal. Bill not obt^d this week.

C.E. W. Paper on constituencies by to-morrow.

P.M. Motion put down after Party mtg. No warning to Whips. They shd. be reprimanded.

A.B. Day Nurseries
Prodⁿ Ctt^{ee} asked me to consider M.O.H. supervision of day nurseries in factories. Advised no powers under Supply & Services. H.O. can't include in Children Bill. May have to ask for Bill.

P.M. Legⁿ Ctt^{ee} on Tuesday.

2. Parliamentary Procedure: Effect of Local Govt. Bill.

R.S.C. As in memo.

W.W. L.G. Bill will become law by Wed. next.
Resolution must be passed Mon. or Tuesday.

P.M. Don't want to move this Resolution myself.

A.B. Future procedure. L.a. assoc^{ns} must be consulted on Private Bill legⁿ.

Agreed: qua immediate action only.

[Exit W.W.
Enter E.Sh., A.H., C.K., H.

3. Service Accommodation in U.K.

A.V.A. Serious situation.
Recognise help given by M/H.
But if any surplus bldg. labour available, shd. like it used for Service work – new bldg. & maintenance.

H. Naval barracks v. antiquated.
M. quarters = we are v. much behind other Services. Must now provide houses in isolated spots: small p'mme of 5.000. Wd. like to start on 1.400 next year.

- E.Sh. Accomⁿ for T.A. is main problem. Unless we can provide it, there's no hope of bldg. up T.A.
M. Quarters: needed 16.000 pre-war: now over 30.000. Diff^{ies} of make-shift arrangmts.
Ask only tht. Cab. shd. be aware & tht. we shd. have fair share of any available surplus labour. Don't ask for 1st priority. But want a fair priority.
- A.H. Special R.A.F. diffy. over maintenance. Had to concentrate on this to prejudice of main stations. Want therefore to raise our ceiling from 6.000 to 7.500. if any surplus labour available.
- A.B. M.D. has recognised tht. official Ctt^{ee} for this is working well.
Service housing is counted as part of general housing p'mme.
Additional global allocⁿ wdn't help. Depend on local availability of labour & materials in areas where m. quarters are needed.
Cdn't give Services priority, w'out interfering with other Dpts. eg. Police Housing. Hope Services won't claim it.
Labour. Not the case tht. when labour becomes available we can allocate it to other bldg. That wd. defeat objects of reducing investment p'mme. And limiting factor is now certain materials.
Maintenance. Posⁿ will be easier. Circulate about to be issued.
- E.Sh. Not housing only – drill halls, etc. for T.A.
- R.S.C. I.P.C. are now on 1949 p'mme. This shd. be referred to them: if Service Dpts. aren't satisfied they can appeal to Prodⁿ Ctt^{ee} or Cab.
- T.W. Claims of miners & farm-workers to housing – incldg. both housing & hostel accomⁿ for foreigners etc.
- C.K. Available labour can be used for maintenance, in addⁿ to ceiling.
'Available' means labour that can't be transferred to other work.
- P.M. Housing – thro' M/H. Ctt^{ee}.
Maintenance – by M/W. formula
New bldgs., - thro' I.P. Ctt^{ee}. But it can't work quickly enough? Must have decisions soon.
- A.B. Somethg. cd. be done m'while on re-conditioning existg. bldgs. under heading of m'tenance.
- [Exit Serv. Ministers & Key
Enter J.S & B.]
4. Economic Affairs.
- R.S.C. Dollar drain. Worse this quarter than estimated. Trying to pull it up – but always somethg. exceptional.
Looks as tho' no Marshall money will be paid until June.

- V. awkward 2nd quarter. Trying to negotiate U.S. repaymt. of our dollar exp. in Apl/May.
 Canada shy of asking U.S. loan because once bitten. And Canada is now biggest drain on our resources.
 Good atmosphere in W'ton: but machinery v. cumbrous.
- H.M. Output figures. Can we measure performance r. need as well as r. past performance. To discourage excessive optimism.
- H.W. Cd. on cotton. Rpt. is wrong on reachg. yarn target: we haven't in fact reached it.
- G.A.I. Labour. What shall we do with f. labour if unemplt. arises?
 Para. 6. 700.000 figure placed in Jan. Shd. be 10.500.
- H.M. Did we set the steel & coal targets too low?
- R.S.C. Lucky if we get the steel target over the year. Because of scrap – also holiday periods to come. This is peak period for prodⁿ.
- H.W. C.S.O. shd. be v. careful in using target weeks.
- T.W. Cd. we express in terms of 50 week year?
- H.M. Apprecⁿ of nutritional situation (para. 14) - when will Jamieson Ctt^{ee} report?
- J.S. Don't know.
 Figures in this para. shd. all be discounted by 5% for increase in population.
- A. B/Payments. Who is mainly respons. for drain?
- R.S.C. U.K. imports are as planned. Extra is all external.
 31 1/2 m. excess: India 9: Belg. 10: S. Africa 10 = £29M.
 S. Africa won't recant, and India & Belg. shouldn't.
 Canada drain = purchase of goods with U.S. dollars.
- H.W. Exports for Feb. higher than ever. Jan. was 128% over pre-war & Feb. is better still. Indications of resilience.
 Export prices are however ceasing to rise. Balance of consid^{ns} in view of turn away from sellers' market.
 Not wise to press exporters now to raise their prices.
- A. Para. 24. Import prices of raw materials. What is causing trouble?
- H.W. Wool: wood-pulp. Timber is turning down: hoping to force a lower price.
 Wool Pool. Good qualities have bn. used up from Pool.

- A.B. Fall in wholesale timber prices shd. be passed on in full.
- H.M. Paras. 26-7. Wages.
Can we have a rpt. next time on estimated effect on W. Paper.
Also on further steps to be taken?
Another mtg. with T.U.C.
- R.S.C. Don't think anyone will forget.
- G.T. How can we use this Rpt. as incentive to people at work?
Genl. target means nothing to them.
Can't we get down to firms?
- R.S.C. This is being considered.
- H.W. Decided to do it, for cotton. Separate arrangmts. regionally to work
out target for each mill.
- A. Better if para. cd. be dissected. Drain: prices etc.
- P.M. Better keep it short.
- R.S.C. You can ask C.S.O. for details if you want them.

[Exit J.S. and B.]

5. Strike of Boiler-men etc., under M/Works.

- G.A.I. Press say E.T.U. will bring their men out from Palace etc.
E.T.U. know nothg. of this.
5 Unions concerned have urged men to stay at work. Appl^{ns} made
Jan.: not 12 mos. ago. Unofficial strike manoeuvre.
Will explain, in reply to P. Notice Ques. tht. men shd. stand by
organised machinery.
Strike against Govt. Part of "Cold War".
Urged thro' Whitley Council they shd. be governed by engineering
industries agreemt. Now want association with another group
which has better terms. If this conceded, all engineering workers
wd. want to change over.
- A.B. Must take a firm stand.
- P.M. Agreed

1. Criminal Justice Bill.

[Enter W.W.]

Bring up after Easter.

2. Parliament.

E.B. Wd. prefer not to go on with Palestine Bill, in view of U.S. initiative.

H.M. We & Opposⁿ wanted to get Bill thro' quickly. Back-benchers
promised not to obstruct. Wd. like to push it thro' on Tuesday.

C.J. They can raise on Cl. 1. what will happen after 15/5.

C.E. Deferring it wd. imply we were willing to stay on in Palestine.

E.B. V. well: ram it through.

Resolution.

H.M. R.S.C. want me to take this as Leader of H/C.
Case for view tht. Dept. Minister shd. do it. Cd. M/H. handle it?

P.M. He is ill.

R.S.C. Financial Secy. cd. take it. If I do, people will suspect some sinister
financial purpose.

Agreed: Fin. Secy. + A.G.

Business after Easter.

H.M. Statement on Business to include promise tht. Budget debate will
continue on Mon. & Tues. of following week.

Communists in Govt. Service.

H.M. Reasonable time on Thurs. shd. suffice.

P.M. Had hoped to submit memo. to Cab. to-day re procedure.
Shall answer shortly to-day, promising debate on Thursday.
Shall say when dismissal is in ques. will go to Ctt^{ee} of 3 presided over
by retired Civil Servant & Minister will then decide.

R.S.C. Can person appear in person? Will have to be considered.

J. Cd. normally be in writing – not excluding personal appearance in
exceptional case.

P.M. Must avoid independent outside Tribunal.
Spokesmen on Thursday – P.M. R.S.C. to reply if required.

C.E. Debate on Consolidated Fund Bill
On 3rd Rdg. – Police to 7pm & C. Defence after.
I intended to take first. But J.A. spkg. on 2nd ques. & it is suggested Under Secy. won't suffice in reply. I don't want to spk. twice: & I dissent from "right" of Opposition to choose Govt. spokesmen.

3. Political Activities of Civil Servants.

P.M. Philip Morris can't act as Chairman of Ctt^{ee}.
Propose J.C. Masterman – Provost of Worcester.

[Exit W.W.]

4. Publication of Diplomatic Documents.

E.B. If published in chronol. order documents of 1938/39 wdn't be publ^d until 1953. Or 1951 if we begin now at 1930.
Won't be out for 6-12 months.

Agreed: publish 1938/39 out of sequence.

5. Western Union: Foreign Affairs.

E.B. Trying to get an organisation going. Diff^{ies} with French. But much impressed with Benelux countries – steadier and more confident. Risk of excessive U.S. pressure on France. Have warned Marshall. Will submit memoranda on
a) organisation under new Treaties.
b) C.E.E.C. France did well.
Truman's declaration. I had no previous warning. Not much I cd. do. Have asked Marshall what it means in practical detail.
Italy. Not certain Gaspari's will get majority in elections. They have concentrated on north & will do better there. But Comm. m'while have gone all out in the South. There the movement is mainly Italian, not so much Russian inspired. Influence of R.C. Church in supportg. land-owners v. peasants. land hunger is main problem.
Trieste. was raised in this connection. Tried to implement Treaty. If Govr. had been app^d we cd. have got troops out in 4 mos. Now 9 mos. have passed. R. blocked it, unless we wd. assent to apptmt. of R. stooge.
4 Power Commⁿ in Ital. Colonies. R. announced recently they wd. support return to Italy.

To counter this electioneering move, I thought we were free to say we wd. support return of Trieste to Italy. We therefore made that announcement.

Promised Parlt. to bring own troops home in 4 mos.

Hope Cab. will approve announcemt.

We know R. intended to announce on 6/4 that they were willing to support return of Trieste town to Italy.

Don't propose to make statement in H/C. unless asked for it.

H.M. Believe this is right on merits.

Sorry Press are takg. it solely as electioneering move.

D. Telegraph went so far as to say it was to forestall R. offer.

6. Palestine.

E.B. U.S. now seeing what they shd. have seen before they supported Partition. They assumed we wd. enforce in the end.

M'while, they have allowed R. to ship in.

This comes from allowing U.S. electoral needs to influence U.S. f. policy.

They are now back where we were a year ago.

Truce? Who cd. enforce it? Stern Gang & Irgun wd. carry on with terrorism.

U.S. request for special Session of Genl. Assembly will prob. be vetoed by R. If they then try a procedural vote, may be diff. for us to abstain.

U.S. motive.

a) Apprehensions of Arab resistance.

b) U.S.- Turkish talks have bn. procdg. Point has apparently bn. made tht. U.S. have opened a gap in their strategic rear.

c) Democrats have lost N. York Vote. Truman seeking to replace it by anti-R. Vote. Not now trying to conciliate Zionist Vote.

d) If U.S. troops went to Pal. & some were killed, pogroms wd. start in U.S.

No chance of Trusteeship being accepted – or of any agreemt.

Latest idea of enforcemt. = Fr. U.S. & B. I have said tht. after Lebanon Fr. troops wdn't be acceptable = & troubles wd. arise in N. Africa. Said, too, we wdn't stay after May 15. Appeal to reconsider that: but can't see how we can.

Next move: Jews will prob. establ. a State in some area.

Then immigration & our action? My feeling: if they do it, we shd. do nothg. to check it. But what will Arabs then do?

Convinced Abdullah will put troops into parts of Pal. wh. Jews can't hold. That will mean a row among Arab States. But don't think we shd. use B. troops to check this developmt. of events.

'Nature' may partition Palestine.

- C.J. U.S. announcement will strengthen R. influence in J. Agency & among J. in Pal.
Jews will expedite attempts to assume auth^y in their part of Pal. – prob. smaller part.
J. will press on with immigration.
Truce or Trusteeship – will require as big an Army as we have now in Pal. If a Trust were agreed, diff. for us to refuse to make our contribⁿ to enforcem^t. troops.
Must adhere m'while to our dates.
Advance guard of Pal. Commⁿ: have reported in alarmist way: advising Commⁿ not to go out till last moment.
Think now Commⁿ may resign.
Transfer fr. Cyprus can begin when time is ready.
- P.M. Can we get our troops out before 1/8? Shd. expedite.
- A.V.A. Evacuation going well. Will enquire.
- E.B. Sooner the better. There will be fighting. Better we shd. be out.
- P.M. Stand firm on 15/5. date. Clear troops as soon as poss. thereafter. Mil. evacuation was based on assumptⁿ of handing over power. If 2 States are going to establish themselves & we aren't going to intervene on any view, our troops shd. get away – in case they become involved. Danger of 2nd Gordon incident.
- A.V.A. We cd. re-enforce if our men were trapped in Jerusalem.
- E.B. Shd. have Transport Command planes available in Egypt.
- P.M. C.O.S. shd. re-consider in light of this development.
- Agreed. C.O. shd. consider concentration of civilian staffs also.
Can abandon adminⁿ from now on.
- C.J. We have done all we can to safeguard future of Holy Places in Jerusalem – both locally and in Trusteeship Council. Nothing effective done by U.N.
Likely no Govr. appt^d by May 15.
Terrorist Prisoners. Pressure to bring to U.K. or B. territory.
- P.M. No. No legal basis for that. Leave them.
- [Enter L.S.]
7. Development Values: Payment of Professional Fees.
- R.S.C. As in memo.
No other solution if plan is to be carried thro'.
- P.M. Convinced by this memo.

[Exit L.S.]

8. Monopolistic Practices Bill.

[Enter J.S., C.K., B., G.S., H.G.]

- H.M. Summarised main points in C.P. 93.
Exclusive of transport.
- H.M. Only on basis tht. public corp^{ns} are all excluded.
Cdn't justify it qua transport.
- B. If B. Transport Commⁿ manufactured, it wd. be w'in scope of Comm^m.
My case is tht. Minister has powers: Tribunal for fares & ratio:
discriminⁿ re services, there is consultative Ctt^{ces}.
- P.M. Shipping?
- B. I agreed to L.P. Ctt^{cc} tht. shd. not be covered. For –
a) Cd. apply only to Conference lines dec^{ns}. In fact there is
competition betwn. these lines.
b) Geneva organⁿ can deal with restrictive practices.
c) Comm. Shipping Ctt^{cc} can handle any such ques. limited to B.
companies.
- P.M. No guarantee tht. a) will continue.
Wd. b) or c) cover coastal shipping?
- B. No.
- P.M. Others wd. claim they don't practice monopoly, in practice.
- R.S.C. Real point = main shipping points wd. be international & we wd. be
drawn into using our domestic law to enforce internat^l shipping
cartel agreemts.
- Agreed.
- H.W. Substantial proportion. I wd. have preferred it. But risk of trouble with
the courts. Also v. clumsy draft.
Now favour criterion of $\frac{1}{3}$ rd.
Have 38 cases wh. I shd. want to refer. All these are over $\frac{1}{2}$ & many
are much higher proportion.
One third puts Co-ops. right out of it – with possible exception of
flour.
- J. Who determines the $\frac{1}{3}$ rd?
- H.W. If it “appears to B/T.”
- A.V.A. Cl. 3., covering supply, will let Co-ops in under $\frac{1}{3}$ rd formula.

Don't ask tht. Co-op be excluded. It's a ques. of defining the public interest. Co-op can't be against public interest for any citizen can join w'out premium.

H.W. They are safe under this Bill.
And we shall refer to Commⁿ a no. of cases in wh. others are now discriminatg. against Co-ops.

J. Two attractive points in A.V.A.'s Bill.
a) Power to put a firm "on probation" – makg. reports etc. Govt. Bill may enable this by administration but B/T now specifically empowered.

H.W. I can cover this point in adminⁿ easily.

J. b) Much more care to prevent injustice to individual.
Procedure provided for more discussion over form of order.

R.S.C. But all this is now done by a Commⁿ.

J. Real strength not in orders made.

H.M. Let. H.W. consider between now & Ctt^{ee} stage provⁿ allowg. those affected to match rep^{ns} before Order made.

H.W. Will consider a) and b) before Ctt^{ee} stage.

A.V.A. Wd. have liked to show Bill to Co-op lawyers.

P.M. After publication of Bill.

[Exit C.K., J.S. and G.S.]

9. Petrol Rationing.

H.G. Appalling Diff^{ies} of adminⁿ and enforcement of present system. No prospect of improving this w'out vast increase of staff.
Attitude of public. As for parking offences pre-war.
Or Prohibition in U.S.
On other hand. savings have bn. considerable. We shd. continue those.
Tried therefore to find means of amelioratg. posⁿ w'out increased consumption.
Black-market. Must close leak before any basic is restored. And wd. make an absolute economy.
10% cut in commercial. Para. 7. That is not an additional saving.
Can't count it as well as economies from black-market rest^{ns}.
E & S allowances. No simple means of squeezing out surplus. Think no more than 20.000 t. p.a.
Plan – as in memo.
Many people do use cars on S. allowances for only 90 m. p. month.
Propose rebate system on Road Fund licence.

Standard allowance = new principle. Wise to start afresh now,
anyway.
Want public support. Motoring organis^{ns} want to make peace with us.
Hence propose Ctt^{ee}.
S. coupons to be rapidly variable.
Can't produce satisfying scheme at 30% of pre-war consumption.
Believe this will be welcomed.

P.M. Weakest part of plan = abandoning stiff penalties proposed by Vick
Ctt^{ee}. You must say you rely on gettg. petrol out of black-market.
You can plead that. And Opposⁿ cdn't make diff^{ies} therefore wd.
delay getting standard allowances.

H.M. Cdn't. it be done under S & Services Bill?
Favour this:
a) nationally important to kill this black market.
b) cd. make it clear tht. unless House gives you this Bill they
can't have more basic petrol.

J. Agree – we shdn't do the petrol coupon rate.

R.S.C. Will Benches enforce these penalties?

P.M. Shd. be done by fresh Bill, not D.R. to get us up to date expⁿ of Parlt.
views – in order to get courts to enforce.

H.W. Some penalties might be applied automatically.

C.E. Want H.O. to look at penalties.
Wd. like them as severe as poss. But points to be considered e.g.
effect of Prob. Act.

Proposals approved, subject to this.

[Exit B. & H.G.]

10. Paper for "Action".

H.W. Memo submitted because Action now published.

R.S.C. Awkward if ques. is raised in H/C.

C.E. Are you actionable for not carrying out terms of your own Order?

H.W. They are entitled to paper: but I'm not obliged to grant a licence.

J. Awkward if you can be mandamus - cd.

1. Communists in Government Service.

- P.M. Line to be taken in debate.
What is posⁿ of C.S. – non-political.
C.S. office at pleasure: can't go to courts: no part. office or prom^{ce}
liable posting at need of Service. And dismissible for
inefficiency.
Suitability for job – discretion etc., - apart fr. Comm. ques.
Not a general purge.
How to be administered – functions of M.I.5: they shd. not be asked to
take final responsibility.
Procedure. Before posting to secret branch, enquiry = Minister to
decide. If a man held to be unreliable, shd. be told so.
Advisory body: 3 retired Civil Servants. Man can appear. Not with
friend or rep^{ve} of his Assocⁿ. Can, however, offer witnesses of
character.
Final decⁿ must be Minister. Indep. tribunal means either hiding
behind it or being pressed to disclose its views etc.
Latitude re early indiscretions.
Sounds of informⁿ against a man can't be disclosed.
Pensions. Can't give man discharged on this a/c better posⁿ than a man
discharged on other a/c. Few dismissals likely – mainly scientists
under F.S.S.U.
- R.S.C. What informⁿ will be given to man?
- P.M. Enough to enable him to rebut.
- J. Adv. body can call for other evidence – in his presence?
- P.M. Yes: if it's ev^{ce} in his favour.
- R.S.C. Shd. be given opportunity to resign vice dismissal.
- P.M. Yes.
- A.B. Publⁿ of report of adv. body – must be resisted.
- P.M. Agreed because Minister's responsibility.
Why have we done this at all? Answer a) cowardly not to.
b) colleagues (scientific) have bn. unable to do their work.
- G.S. a) Had intended: when a man was informed enquiries were on, we shd.
suspend with pay for a month. Otherwise he cd. get a lot of
informⁿ m'while.
- E.E.B. Covered by circular.

- G.S. b) Form of report. “Was a member of C.P. ’46 or earlier.” But many were when R. an ally. Yet I propose tht. if a man has bn. member he shd. be screened.
- P.M. Certainly.
- G.S. Then shd. be understood there is no stigma attaching to enquiry alone.
- H.M. Advisory body – shdn’t sound too formal. Avoid too much procedure. “Body to investigate these cases & advise Ministers.” Don’t run M.I.5 down too much – bad for morale.
- C.E. Report by Sp. Branch into pol. views of Met. Police. No truth in this.
- H. Haldane empl^d, not by Adm^y., but by Med. Research Council.
- R.S.C. Contracts etc., to Universities for research.
Care to see tht. Comm. are not doing the secret work there.
Risk tht. men you turn out will go there.
- P.M. What of men in Forces?
- A.V.A. Can be posted to other work.
You can say this is already looked after.
- C.J. Corresp. action in Colonial Services?
- P.M. Yes.

[Exit Serv. Ministers, G.S., W.W.]

2. Wages Policy.

- G.A.I. a) Cab. app^d 8/3 Ir. to Wages Councils. Sent copies to B.E.C. & T.U.C.
T.U.C. regarded it as directive. Saw P.M. Tuesday – with R.S.C. & H.M.
Propose substitute Ir. as in draft.
Now merely a request tht. Wages Councils will bear in mind terms of W. Paper. No diff. posⁿ than ordinary wage negotiation.
Will ask T.U.C. if scope for any fresh misunderstanding.
Draft approved.
- b) Meeting of T.U.C. yesterday.
News tht. Ir. had bn. w’drawn was greeted with acclamation.
Thereafter all speeches were against. Mtg was alive with Comms.
But in end carried by 5½ m. to 2 m. Opposⁿ = engineering, N.U.D.O.R. and Civil Service clerks. Mikardo made the most bitter speech of all.
- Genl. Council have bn. bold – no support save from members of Council.

c) C. Service Arbitration – on Typing Grades.

- R.S.C. Granted increase but added – delay until out of present crisis.
V. awkward – pressure to say crisis is over, then all will bump up together.
- E.B. Consequence of Govt. “guidance.” Sympathise with them.
- A.B. Not a bad formula.
- E.B. Can’t complain.
b) Cont^d.
This calls for gt. care by Govt. Some wages are v. low at present living costs. How can we ex-Union men defend £4-10-0 a week of 48 hours. Esp. where we are employers we must go into these rates & see wtr. they can be justified.
- A.B. Avoid allowing them to go to arbitration.
- P.M. Allow cases of re-adjustment.
d) Liftmen’s Strike.
Genl. view – wage too low.
Ty. refusal to negotiate.
Below outside standards.
M/L. to report after Easter.

C.M. 26(48).

5th April, 1948.

1. Mr Mackenzie King.

21/4 beats Walpole. Will send telegram. Agreed.

2. “Polish Daily”: Employment of Poles.

- G.A.I. Critical posⁿ.
Nov. printing removed from B. firm – trouble with Unions –
negotiatg. ever since. Kirkien v. awkward.
Sugg^d issue twice a week as periodical – to take it out of newspaper
rules. Kirkien wdn’t play, the Unions agreeable.
Kirkien doing other work – for A.B.C. & dog-racing. With Poles,
unreasonably.
- E.B. Know nothing about it.
- M.S. Recall to P.R. Corps as method of dealing with industr. dispute is
inexpedient.
About to appeal to Poles to take work. Holding that up because this
recall wd. weaken it.
- P.M. Wdn’t: we aren’t appealing to Poles to take scab work.
- G.A.I. Not ques. of dispute. Ques. of enforcing Govt. pledge re cond^{ns} on
wh. Poles shd. be employed.
- E.B. If it violates T.U. cond^{ns} I am on side of M/Labour.
I wd. tolerate no nonsense.
Let G.A.I. see me.
- A.B. Many journals get produced only by dodging these T.U. rules.
They can produce this paper with 12 people; and T.U. insist on their
employing 10 more.
- M.S. Only 8 of employers are subject to recall to P.R. Corps.
Agreed: support G.A.I. – in w’drawing labour.
- A.B. May we have a report on consequences. Agreed.
Also on ques. of subsidy.

3. Budget.

Statement by C/Exchequer: and Questions.

4. France: Balance of Payments Deficit.

- R.S.C. Grave & urgent. Fr. buying sterling goods & running down st. balances at a rate wh. will exhaust them by June. They will then be unable to buy materials. They ask for loan of £65-68 m. to go on thus. This = unrequited exports & we can't do it.
Discussed with E.B. Agree we can't do it alone: suggest 5 Power talk.
- E.B. Agreed. Hall-Patch is in Paris on this now.
- R.S.C. Cause: Fr. trying to beat inflation by flooding in goods they can't pay for.
- P.M. Congrat^{ns} to E.B. on passing of E.R.P. Act.

5. Strike of Vehicle Makers.

- G.A.I. Negotiating for some time. Break-down.
Have now referred it to Tribunal.
But Executive have decided to make it an official strike. That is illegal. First since 1940.
Issue = 3^d an hour. Has bn. hanging on since end/46.
They have a case for some increase.
- E.B. Why did M/L. let it run so near to 21st day?
- G.A.I. To explore all other means of settlement.
- P.M. What is effect of illegality.
- G.A.I. In theory we cd. prosecute.
- A.V.A. Can you compel employers to go to Arbitration even tho' there is a strike going on.
- G.A.I. Only 8-9 days ago tht. M/L. knew this was going wrong.
- T.W. C.P. issuing memorials for signature incldg. demand tht. Govt. shd. not check wages – in a list of items which has a wide appeal.
- G.A.I. T.U.'s are combating Comm. with success. T.U.C. are organising secret means of doing it.
Keep this going & we'll have them on the run.
More diff. = Trades Councils.
- E.B. But mustn't let down skilled workers like these.
Have employers been seen?

- G.A.I. In light of Cab. discussion I will put more pressure on them to meet men's demand or go to Arbitratⁿ.
- A.B. Don't want 1st show-down on this. Hoped we wd. get it with NUDOR.
- E.B. You can have an enquiry (1919 Act) even while strike is procdg. Advise G.A.I. not to intervene personally.
- A.B. Simeon Rpt. (26½ % on working capital) shows scandalous state of affairs in bldg. materials industries.

6. Disabled Persons Act.

- E.B. Disablement. Memo. shows bad situation. Shd. be gone into quickly.
- P.M. Prodⁿ Ctt^{ee} can consider this week.

1. Parliament.

H.M. Business for next week.

2. Criminal Justice Bill: Death Penalty.

H.M. Raise again ques. of free vote for Ministers.
“Agreement to differ” in 1932 discredited Govt.
C.E. must put view as govt. view. V. awkward for Ministers to vote against.
Respect conscientious views. But those holding them cd. abstain.
All Ministers, incldg. juniors, wd. have same right. V. serious if a majority vote against C.E.’s view.

P.M. Wd. prefer “abstain” rule: but diff. to constrain consciences.
How are Party views?

W.W. Majority in favour of abolition.

H.M. About 50% wd. listen to argument.

A.B. Awkward if Tories carry their view v. abolition against Labour majority.
Not a Party matter – essentially for individuals.

T.W. Freedom to abstain shd. meet the case.

E.B. Won’t it be assumed tht. those who abstain don’t support.
Wdn’t that meet conscience point.

R.S.C. Ministers needn’t attend the House if they wish to abstain.

P.M. My view: Ministers who can’t vote for, wd. be convenient if they abstained. I won’t co-erce my colleagues.

R.S.C. If I can be in H/C. and abstain, I won’t insist on voting against.

A.B. Awkward for those who have exp^d strong views in past.
We can be present & abstain. Will be thought therefore that they can’t vote against but don’t want to embarrass colleagues.
Agreed: as R.S.C. proposed; but no ostentatious abstention.
All Ministers & Junior Ministers to be informed by Chief Whip. (also L.O.’s)

[Exit W.W.]

3. Germany: Loss of British Aircraft.

E.B. Facts as stated to H/C.
Wreckage suggests fighter struck liner from above. That doesn't bear out R. excuses.
Wrote lr. to Sokolovsky. He has not replied; & looks as if no assurances will be given.
Asked for 4 Power enquiry because 4 Power flight avenue. R. reject, and say Anglo-Soviet only.
Will cause diff^{ies} with U.S. (who had 2 passengers killed) & French.
I didn't publish Robertson's letter – to avoid argument. But now mean to publish all corr^{ce} because Sov. has sent tendentious reply.
Propose agree to Angl-Sov. enquiry if U.S. and Fr. are associated with it in some way, as assessors.
Don't want this confused with non-mtg. of Control Council.
Afraid we are in for usual arguments re procedure etc., - put up with intention of playing out time.

4. Germany: Traffic into Berlin.

E.B. Suspension mil. passenger trains. Other transport (casuals, freight trains etc.,) now normal. R. claiming however to examine pp. of passengers in mil. trains – alleging smuggling etc., to have bn. going on. Daresay it has bn., in spite of my warnings.
Have tried to damp this down. Don't want big row over trifles.
Enquired re Vienna. There all 4 have agreed to controls wh. are v. much same as R. proposals for Berlin.
R. may have quite a plausible case. Trouble really is their method of asserting it.

P.M. Trouble arises from lack of clear written agreement.
Gentleman's agreement. Monty's over-simplification.
In Vienna they were more businesslike.

5. Austria.

E.B. Hanging on to get Treaty. After Czechosl. development some thought wise to keep Allied troops in Austria. But serious risks in this. R. have bn. arming cells in Austria – much as they did in Czechosl. And can do it easily under protⁿ of R. Armies. And Austr. Govt. can take no counter-action because they can't get arms. If we supplied arms to democrats, it wd. be all set for civil war – wh. wd. play into R. hands.
Sent Strang to Vienna – to check up on rep^{ns} made to me by Austrian politicians. He advised reliance on M/Interior: sound, strong, controls Police. Strang advises to get Treaty & remove troops. Leave Govt. to cope.

Pressed on therefore with Treaty. R. have come down to 150 m. \$.
 We might pay that price to get them out.
 Main ques. therefore = oil. Fact is B. cos. didn't develop these assets before Anschluss. Went ahead then, at Hitler's behest.
 This is awkward vis-à-vis R.
 R. in effect claims all Austrian oil. We had therefore to fight for B. rights, as British under 1930 concessions. Now reduced to a reasonable division. R. claim reduced to 30 years.
 May get settlement on this.
 Frontier ques. remain.
 Arms. R. claim only arms made in Austria = none!
 Not out of wood yet: but better prospects than ever before.
 W'drawal of R. troops from Austria means removal of R. troops from all Balkan countries. For only these qua l/c to Austria. Then only in Poland for l/c to Germany.
 U.S. auth^{ies} are now in line with this.

- A.V.A. Dangers when troops w'draw.
 Removal of Soc. Democrats from W. Zones. And arming of cells.
 Set-to between Austrian Communists & Soc. Democrats may well lead to Comm. victory.
- H.M. Economically viable?
- E.B. Trying for Customs Union with Italy.
- A.B. Admit risk mentioned by AVA. But risks the other way are greater.

6. Finland.

- E.B. Finnish/Soviet pact has been signed. Treaty itself is, however, v. moderate. Basis = Finland is a neutral buffer State.
 This is less than original Soviet demand for full political assocⁿ and base facilities.
 Will circulate text of Treaty for informⁿ.

7. Italy.

- E.B. Action taken has heartened Italian Govt. They seem to have better grip of position.
 Blum has gone to Italy.
 Chances 60 : 40 against Comm., when we last considered it.
 Now looks more like 70 : 30.
- J. Nenni thought he & Togl. wd. get 47%. de Gasperi said 35%.
 Everyone thought Comm. were makg. no headway in the north; but going well in backward south by reason of irresponsible

promises - & failure of Govt. to develop progressive agrarian policy.

E.B. R.C. Church is the trouble – as landlord.

[Enter G.S., C.K., Stewart.

8. Steel Scrap.

G.S. As in memo.

After a short discussion – of which no note taken by me –
Memo. approved.

C.M. 28(48).

15th April, 1948.

1. Parliament.

[Enter W.W.]

H.M. Business for next week.

2. Capital Punishment.

P.M. 45 back-benchers etc. Other figures.
Must accept view of H/C.

A. Will advise H/L. to accept this in view of H/C. vote.

C.E. Sentiment + religious fervour.
But my situation now v. diff. Man awaiting execution now: v. serious case: Jury recommended to mercy: Judge doesn't endorse it.
While Bill still before Parlt. murderer of P.C. Edgar likely to be convicted.
Believe expⁿ of H/C. view can't be ignored. H/C. wdn't stand for executions while Bill pending. If disagreemt. with H/L. shd. kill the Bill this Session, law wd. revive in full force. Short of that, however, I must administer the law in acc. with expⁿ of H/C. opinion.
Therefore intend to recommend reprieve in every case.

J. Agree. H/C. must be taken as representg. majority of public opinion.

T.W. Re-action of Police?

C.E. Don't want to raise these ques. this a.m. Shall have to put up proposals.

H.M. Doubtful. Hope H/L. won't put us in diffy.
Don't like law being set aside until it's changed.
Suppose H/L. reject: and H.O. have to revert to earlier practice. Can't chop & change.

J. Not setting aside the law. H.O. has right to recommend reprieve: & proposes only to do so.

A.W. In Scotland no executions at one time for period of 14 years.

A.B. Admin^{ve} consid^{ns} influencing reprieve must change acc. to changing opinion. Last night's vote represents significant change.

H.M. Has bn. argued in past you cd. make this change w'out altering law.
Has h'to bn. answered this wd. not be compliance with the law.

General support for C.E.'s view.

- P.M. Memoranda shd. now be submitted on [Exit G.T.
death penalty in Germany, Colonies & Armed Forces. Agreed.
- E.B. Getting out of war crimes trials problem – cf. O.R.C. disc^{ns}.
Other Nazi cases remain.
Aiming at disposing of it all by 1/9/48 - & putting all under German law.
- E.B. Shall we not also have to consider treason, arson in dockyards & piracy?
- C.E. Movers of clause thought they wd. lose a few votes by incldg. treason.
I favour leaving this alone. Agreed.
[Exit: G.S., J.S., B., W.W.]

3. Economic Affairs.

- R.S.C. Coal: man-power not rising fast enough.
exports lagging. Quality & price for poor grades are prob.
explanⁿ: F. & P. are considering these points, with N.C.B.
- E.B. May ruin our trade, as after last war.
- A.B. Need to have effective sales organⁿ. Fatal to leave this to prodⁿ side.
Can't solve this by nervous twitchings from the centre.
- E.B. Also creates abroad a new kind of internat^l agent. Valuable to me.
- T.W. Scores of large collieries with no washing plant. Years before they get it. M'while 200.000 t. of lowest quality coming out of open-cast.
- R.S.C. Act makes it diff. to create separate sales organⁿ.
- H.W. But Chairman of N.C.B. comes from Sales side.
- R.S.C. Steel: prodⁿ is higher than 14 m. tons. Prob. must adjust target to ensure correct supplies of coal etc.
Cars: smaller cars going abroad: so only 50% by value as cpd. 67% by nos. Same for trucks.
Building: fall in emplt. hasn't occurred because adjustment of housing p'mme achieved more quickly than assumed.
- A.B. 17.000 perm. to be finished in March. May be 20.000 later.
Pressure from areas where stocks of bricks & unemployed bricklayers & shortage of houses. Can we have a bit of latitude? Bricklayers won't go to other work.

R.S.C. This = why we allocated add^l softwood. If we allocate any more we shall be in diff^{ies}.

H.W. But stocks are so high they are now embarrassing economically. Forward supplies can't be judged pending bi-lat. negot^{ns}.

A. What of other forms of bldg?

R.S.C. Steel is limiting factor there. But Prodⁿ Ctt^{ee} have considered & we are easing up.

H.W. Cars. Lower than we have ever assumed – even % by number.

G.S. Raised to 75% from 50% at end/47. Going up steadily. Can't go faster. Selling in some countries at cost.

R.S.C. External Trade. Feb. drop due to shorter month.
3-monthly average to Mar. 47. 101. }
June. .. 102 }
.. 112 }
Shows continual & good increase .. 114 }
over last 12 months. .. 117 }
H.W. March corrected for Easter = 135 of 1938. 120 }
----- 123 } [Exit J.S.]

4. Wages Policy.

G.A.I. Wrong to make formal approach to Boards: Dpts. can get it informally. If they will pass it on to us, we shall be O.K.

P.M. Why is it improper to ask fr. public boards when not improper to get it from private sector.

G.A.I. That is view of Dpts. sponsoring boards. Not mine. I want a N.J.A.C. for socialised industries.

H.M. Cab. told M/L. to collect informⁿ of wage movemts. That surely is his job.

A.B. Have raised this ques. many times. Because spirals start too often in public sector. We need formal machinery & obligⁿ to notify so we can watch implications. E.g. last Burnham award wd. have bn. resisted by Govt. because repercussions on admin^{ve} staffs of l.a.'s.

P.M. What is "general policy" in para. 2.?

G.A.I. Theory of non-interference with day-to-day adminⁿ. M/L. to look into this again. [Exit G.S. & B.]

[Enter W.W.]

5. House of Lords Reform.

- P.M. Intentⁿ to make statement on results of disc^{ns} – showg. points of agreemt. as well as disagreeemt. Will indicate the basis of agreemt. on composⁿ – tho’ making it clear it was all ad referendum.
- E.B. T.U.C.
- P.M. Neither elective nor representative.
- A.V.A. Free churches?
- P.M. No. Historical survival of Bishops.
The rest thro’ nomination of Life Peers, not rep^{ve}.
Crux came on powers. We admitted revising Chamber, but denied power to delay Bill for purposes of appeal to country – or power to force a Govt. to go to the country.
These diff^{ces} emerged in discussing ques. of time.
- A. As Parlt. Bill goes, 5th Session is lost to H/C. But we resisted any such loss of 4th Session. That was our criterion for ques. of time limit.
- A.B. Hitch not previously discussed in Cabinet. Tho’ Press knows about it.
- P.M. We did discuss it here: on ques. how far we shd. go on “time”.
- A.B. There can be no compromise on real dividing issue.
- R.S.C. Care to avoid “why break on a trifle of 3 months.”
- P.M. We are alive to that. Met in draft.
- R.S.C. Add “out aim is 4 effective Sessions”.
- P.M. That is there.
- A.B. Consequence of not allowing members of Bds. in H/C. but allowing it in H/L. Power of econ. patronage in H/L. This shd. be examined.
- A.W. “Not enough boys for the jobs.”

6. Public Boards: Appointment of Local Authority Officials.

- A.B. M/T. has asked me to agree to appt^{mt} of Clerk to Denbighshire as part-time member of a Transport Bd.
But M/F. & P. will then approach Clerk to Glam. Co. Council.
Wish therefore to recommend that Clerks to l.a.'s shd. not be appt^d to Bds.
- H.M. I was consulted & deprecated appt^{mt}.

C.M. 29(48).

22nd April, 1948.

1. Parliament.

[Enter W.W.]

H.M. Business for next week.

F. Affairs: 4/5 May: one day a Supply Day.

Motion on W. Union: W.S.C. wants it discussed on 2nd day.

Do we want a vote on that sort of Motion on f. policy.

E.B. V. awkward to have vote in F. Aff. debate.

H.M. You cd. stop the genl. debate & go on to this.

My objⁿ is to allowing detailed Motions to be carried on f. policy.

P.M. Agreed: let there be time to discuss subject but no vote on Motion.

A.B. Matter for speaker.

Agreed: avoid discⁿ on Motion.
ties E.B.'s hands.

H/Lords.

A. C. Justice Bill Tuesd. Seeking to avoid 2 debates on cap. punishment:
trying to have that discussed on Clause stand part.

Intend to take line (Front Bench) this is view of H/C. & we don't
interfere. Think H/L. will send cl. back for considⁿ: & if H/C.
insist on it they will acquiesce.

Vansittart's Motion on Sov.-born wives of B. subjects – down for
Wed. My line is to do nothing to oblige him.

E.B. Agreed.

2. Labour Party: Platts-Mills & Telegram to S. Nermi.

P.M. Mtg. of Executive. For informⁿ.

[Exit W.W.]

3. Treaty of Brussels.

E.B. As in memo.

H.M. a) Bidault's suggⁿ of Soc. Services Exhibⁿ. Cd. M. Evans Ctt^{ee}
consider that?

E.B. Not a v. serious suggⁿ – only a passing thought. No commitment.

A.B. We want progress on this ques.

P.M. M/Evans Ctt^{ee} are about to submit report.

R.S.C. Overlap with 16 Powers.

E.B. Made clear tht. this body doesn't overlap.
Memo. approved.

4. European Economic Co-operation.

E.B. This was climax – “end of the beginning.”
Deadlock at outset. Strain betwn. France & Benelux because
historical contempt of Fr. for Belg. & vice versa. But Benelux
Union has strengthened Belg. posⁿ & caused them to speak
louder. Decided therefore to w'draw my candidature for
Chairmanship.

P.M. Wise & generous gesture.

E.B. Ctt^{ee} now at work since Sat. p.m.

P.M. Marjohn?

E.B. Was Deputy to Monnet at Bureau du Plan.
Has bn. in contact with Berthould. Has won genl. confidence.
A good European. Appl^d to this job on his merits as an
individual – non constat that if he goes a Frenchman will
succeed him.
Memo. approved.

1. Parliament.

H.M. Business for next week.

Criminal Justice Bill: House of Lords.

A. Conservatives will have free vote, incldg. Fr. Bench.
My plan = free for back-Benches, but Govt. Fr. Bench to support
H/C. vote.

H.M. A bit diff. in view of H/C. vote. Diff. to tie Ministers in H/L. when
those in H/C. were free to abstain and 44 did.

C.E. I have now announced with Cab. authority tht. Govt. accept decision
of H/C.
If H/L. delete Cl. 1., I shall have to stand on my announcement of
Govt. policy. Bad enough: but worse if Ministers in H/L.
have meanwhile indicated by abstention tht. they don't accept
Govt.'s latest decision.
No free vote in H/C. on next occasion, after all.

A. b) Abolition of trial by Peers. Can I accept?

C.E. Yes. We refrained only because we thought it better for H/L. to ask
for it.

J. See what Tories will do in H/C. In 1936 or thereby W.S.C. decline to
support such a Bill, carried in H/L, pending wholesale reform of
H/L.

2. Cabinet's Wedding Present to Their Majesties.

P.M. Read lr. of thanks from Lascelles.

3. National Health Service.

A.B. Latest estimate of plebiscite. In Scotland clear majority in favour of
Bill. In E. & W. posⁿ still uncertain. But I'm confident.

4. Housing Programme.

A.B. E.P.C. contemplated announcemt. before Scarboro' conference.
Plowden says inopportune.
P.Q. now by Chas. Smith. Propose to answer: final figures can't
be given until timber posⁿ can be foreseen, after giving

explanⁿ of addl. approvals.

Agreed.

5. Fascism: Mosley Meeting.

C.E. Mtg. Sat. in E. Ldn. No power to prevent.
But intends procⁿ after. Met. Pol. have subm^d Order banning
proc^{ns} in that area. I have consented. Will announce.

6. House of Lords Reform.

P.M. Conference broken down. Will issue W. Paper on course of
discussions – showing views of Parties. Agreed statement.

[Exit W.W.
[Enter Listowel.

7. Palestine.

E.B. Truce for Jerusalem now seems likely. Haifa position has however
again become serious. Violent attack y'day by Irgun on Jaffa:
B. had to intervene.
Strong & continuous pressure fr. U.S.A. – tho' no indicⁿ of what
they will do. Trying to manoeuvre us into promising somethg.
with no clear assurance of their collaboration.
Have given another warning to Arab States not to act before 15/5.
Jews far better armed than Arabs.
Douglas has however asked us to prevent Abdullah fr. taking
any violent action. We expl^d his diff^{ies} – tho' added we wd. press
him if J. declared a truce.
Douglas put 4 ques:
a) wtr. if J. indulged in no disorder, we wd. prevent invasion
by Abdullah or other Arab States. We said yes.
b) wtr. if a truce we wd. press Arab States to accept it.
We said yes: if terms fair & approved by Trust Council &
of course if Jews accepted.
c) wd. we then play any part? We said, if agreemt. & we were
asked to come in with others, we wd. consider.
d) after 15/5 wd. we play a part? We said same cond^{ns} wd.
apply. Cd. give no undertaking in advance.
Cdn't carry whole weight again.
Truce Commⁿ have now urged Abdullah not to invade Pal.
By formal telegram – received this morning. Threatened
censure of U.N.
That is in accord with advice we have given to Abdullah. His diffy.
arises fr. fact his is only organised Arab Army - & all Arabs
are pressing him to use it.
Stern & figure gangs will have to be cleared up.
“We are on top of it until 15/5”: & reason is beginning to prevail.

- A.V.A. J. actions call for equal restraint.
- E.B. But can't invoice U.N. on that while we are respons. for law & order.
- A.B. We can't do less than others – in view of our past associations.
Present policy: use our good influence with Arabs to prevent wider outbreak of violence.
- E.B. Yes.

8. Cyprus: Constitutional Reform.

- L. These proposals are minimum that Const. Assembly will accept.
Full self-govt. not expected – nor are leaders fit for it.
These proposals go as far as is wise.
Main features a) Elected legislature – with reserved subjects.
b) Execut. Council respons. to Govr.
c) Leaders in legislature to be members of Council – for educative purposes.
Our strategic needs will be met by empowering Govr. to control Bills on defence subjects etc.
- P.M. C.A. Ctt^{ee} have discussed. Don't like ½ way houses because apt to be lessons in irresponsibility. But satisfied they are not experienced enough to shoulder more responsibility than this.
- E.B. Cdn't go further now – because Palestine & uncertainty re Cyrenaica.
Must get posⁿ of E. Med. stabilised before we go further than this.
- P.M. Wd. divert their attention from Greece.
- [Exit L.
[Enter Brian Robertson.

9. Germany: Capital Punishment.

- E.B. As in memo. a) B. subjects tried under B. law will be treated as here.
b) No interference with G. penal code.
c) No surrender of death penalty for offences v. Armies of Occupation.
All. Genl. agrees.
- H.M. Crikey!
- J. I support this.
- E.B. Stokes & Skeff. Lodge will criticise. But if this is challenged Whips must be on.

T.W. Do you mean to apply this policy before C.J. Bill passed.

E.B. Yes: so far as B. subjects go (under B. law) – as by C.E. in U.K.

C.E. Maxwell recently went to Germany examining work of courts.
R. have announced no death penalty under Law 10 because they
have abolished it in R. We are still imposing it & hanging
5 a week for war crimes & crimes r. humanity.

E.B. Shall work off backlog by 1/9. Can't change my practice half way
down the list.

H.M. Will you announce in H/C.?

E.B. P.Q. by Skeff. Lodge. P'poned until Mon. Will say as little as I can.
[Exit Robertson.
[Enter Jay, Freeman, Nathan.

10. Civil Aviation: Purchase of M.S. Aircraft.

A. Put the facts re availability of U.S. Constellations wh. are to be
abandoned by closing of Eire Air Co.
Inconsistent with 'Fly British'. But no modern B. aircraft for
Austral. routes until 1952.
Discussed with Ty. who said a) no dollars b) consultⁿ re terms.
Effect on current B. bldg. limited to Solent Flying Boats.
Intended mainly for S. Afr. routes: but also in concert with
Austr. for F/Eastern routes. Six undelivered – of wh. one wd. be
taken but 5 might be countermanded for compensⁿ of £½ m.
Ques: shd. we make a first offer. Other countries were nibbling. We
authorised him (Hartley) to negotiate subject to Ty. points.
He went.
Y'day was asked by M/Supply (not represented at my earlier mtg) if
Cab. cd. consider effects of this on:-
a) "Fly British" policy
b) current orders for B. aircraft industry.
Use of these Constellations on Austr. routes wd. save £1 p.a.[sic].
And Austr. are using Constellations.

D.J. Discussed with R.S.C. We felt that, if we cd. buy for sterling & save
thereby save £1 m. a year, balance was in favour of buying. Only
involves cancelling 5 Solents: doesn't mean stopping Solent
prodⁿ. Shd. try to find other uses for them.

Fr. 'Fly British' not derived fr. desire to reduce dollar drain, but adopted
on its merits. That knocks out argument that we can buy these
for sterling.
Solents are essential for defence because we must keep Shortt Harland
in prodⁿ. Cost of cancellation will be £½ m. wh. shd. be set
against saving on operation.

Shortt's are hoping to sell Solents to Austr. for Tasman route. This hope & export prospects to Argentine etc., will be prejudiced by this cancellation.
Is this really an exceptional case? Arguments used to-day can come in every time Constellations are available f. sterling.

- P.M. Constant changes of policy even types. Thought we were abandoning flying boats.
V. costly subsidy posⁿ.
What is use of abandoning chances of buying Constell^{ns} if B. types are not competitive.
- N. That is our problem in a nutshell.
Flying boats. Solents are being used because we had nil else to fly.
They are not satisfactory.
A competitive B. aircraft is neither available now nor certainly in sight for years ahead.
Of 45 operating cos. throughout world not one is willing to buy a 4-engined B. aircraft.
Solent is temp^y type – till 1954.
Chairman of Austr. Co. is interested in Solents & may put unexpected order in. Order for Tasman Co. was secured by me.
Austr. wd. take some of these Constellations & have asked my good offices to get 2 of them.
- H.M. Is there really any ques. about this?
If M/S. can't supply competitive types, we must go elsewhere.
V. extravagant over this. We deserve more criticism than we are getting. Fantastic cost of development etc.
Worried about B. aircraft industry – pampered & spoilt & given masses of money. And they produce nil!
- A. General picture will be presented shortly.
Confine this discⁿ to limited issue of Constellations.
- A.V.A. Will 5 Constellations keep operation of route going or does it commit us to buying more when available.
- N. The 5 + what Austr. has shd. suffice for whole of interim period until B. types become available.
- T.W. Must the 5 Solents be cancelled?
- N. May get another order for them.
- P.M. Buy the 5 Constellations.
Don't cancel at once the order for Solents.

1. Parliament.

[Enter W.W.]

Business for next week.
Adjournment for Whitsun.

2. British Fascist Movement.

C.E. F. March last Sat. took 553 police. C of P. says he can't afford that.
Submitted order covering whole of M.P.D.

3. Steel Scrap from Germany.

E.B. Raised at Cab. Found Clay has gone beyond instⁿ. But diffy. because
need for proper allocⁿ scheme for Eur. recovery.
U.S. now agree 300.000 out of first 500.000 t. shd. go to us.
100.000 in reserve for other E. Countries.
U.S. purchases rest^d to 200.000 t. committed already.
This = interim agreemt. pending allocⁿ scheme.

G.S. O.K. Provided we get satisfy. agreemt. pending allocⁿ scheme.
This is for interim 6 months.
It is only entitlement: doesn't guarantee supply from G. scrap
merchants.
All equipment provided for getting booty scrap.

4. European Finance Ministers Meeting.

R.S.C. Useful mtg. And if new Belg. Govt. confirm, basis for facilitating
trade long-term & short between the 5 countries & others can
come in.
Long-term: turned over to O.E.C.C.
Medium: = Anzio plan: 1/3rd of amount paid as result of E.R.P. will be
made available for credits inter se.
Short: Belg. will put up £5 & we £10m. of sterling to help France out
of diff^{ies}.

[Enter J.S., B. & H.G.]

5. Economic Affairs.

R.S.C. Coal: deep-mined not satisf. – opencast too good.

H.G. Mustn't be too pessimistic. Expected another lift in this period.
Don't know reason. Increased absenteeism or failure to decrease
= statistical cause.

- G.A.I. Wastage increasing. But attitude to f. labour has improved: & we cd. get more in if accommⁿ cd. be provided.
- H.M. Thought on absenteeism is necessary.
- H.G. Agree. Tax concessions from 5/7 will help. It isn't getting worse: merely tht. we haven't had expected seasonal improvement.
- R.S.C. Bldg. Good results in Mar/Apl. P'mme in E & W now in balance Scotland v. bad: 2¹/₂ years to complete a house.
- H.M. Cotton: over-time ballot failed?
- R.S.C. Yes. but Street is optimistic: expects to reach 1938 output by end/year. They are at last setting about it in Lanes.
- G.T. Nelson: increased output by 7% in 2 wks. w'out overtime.
- R.S.C. Exports encouraging.
Average 126% of 1938 (target 125% for half year) for 1st quarter.
Prodⁿ rate back to Nov '47 (record to date).
Accumulation of textile stocks: H.W. is down pointing & makg. statement today.
B/Paymts. better. £29m deficit only, in April. Have bn. buying more in soft currency.
S. Africa diff^{ies}
a) They carry own dollar surplus = but are seeking to evade compliance with that agreemt.
b) Drain of sterling from U.K. Some flight of capital. Hoping to make some arrangmt.
Don't mention this because of forestalling.
- E.B. Spain. Am being pressed to help trade deal. How does it affect dollar posⁿ?
- R.S.C. Leave it to go fwd. on trade basis.
- E.B. They can't get on.
- R.S.C. Disinclined to give political help with this.
- E.B. Point is: we have differentiated y Spain re refusing to take non-essentials.
- R.S.C. No: negotiators have instructions to treat Spain on same basis as others.

Clear it on O.N.C.

[Exit J.S.]

6. Coal/Oil Conversion Programmes.

- R.S.C. As in memo.
Case for making exception for railways.
- A.V.A. Ban other new developmt. to oil?
- H.G. Done already.
- H.G. Must take this line: & be firm against compⁿ claims.
- R.S.C. M/Transport: we ordered the work & shall pay for it.
- H.G. Better for Govt. to continue to own rlway plant & keep it on care & maintenance basis.
Bound to be criticism. Avoid saying there will never be any oil.
- E.B. Need you announce a clear-cut decision? Can't you let it trail off – with rising cost of oil etc.
- R.S.C. Must announce. They were promised the oil. Must now say they won't get it.

Announcement approved.

[Exit G.S. & B.
[Enter J.G., & G.B.]

7. Supplementary Pension Scheme for Miners.

- H.G. Expounded problem; and put pros. and cons.
- J.G. Put his view.
- H.M. Favour 50/50 plan. So does A.B., who favours delaying it.
History. Miners case: their industry had bulk of injuries and via the ascertainment miners paid 55% or so of the cost. It was this wh. led us to decide to spread burden over industry as a whole. Now, miners argue tht. N.C.B. have bn. relieved of cost & miners shd. get it back thro' a supplementary scheme.
If this is not a 50/50 plan no incentive to miners to be modest in their demands. N.C.B.'s costs are high. And why shd. consumer carry an additional burden for this?
Also repercussions on other industries.
Act allowed suppl. schemes: but didn't suggest cost be borne by industry.
N.C.B. will stand firm – if assured tht. No. 10 won't give way on rep^{ns} from miners.
- P.M. Can't you get this on basis of individual buying additional cover.

- E.B. Yes you can do it that way. Or on J.G.'s basis: so much on the 1/= of wages. Worked in steel trade.
Always intended tht. these schemes shd. be contributory.
- T.W. Can we take this in 2 stages:-
a) Do we preserve a contributory basis?
b) What are proper proportions?
- R.S.C. Unless this is substantially contributory, can't deny same benefits to war pensioners – at cost of £20m.
- G.B. Doubt if you can hold it even if scheme is substantially contrib^y.
- R.S.C. Thro' price of coal, consumers will pay twice.
- E.B. 2/3 m. in distribution enjoy posⁿ tht., if full time employed, they can't have salaries cut. Same with clerks. They enjoy full pay in sickness – employers drawg. the benefit to offset.
What answer on that can you give to miners & others in industry?
Community shoulders 1/= p. ton., cost of w. compensⁿ. Miners take $\frac{3}{4}$ ^d p. ton.
Support contributory principle. Approx. 50/50 in principle. But form & method to be worked out.
- H.G. No chance of N.U.M. accepting 50% contribⁿ.
N.C.B. plan was v. limited. Even then contⁿ was 10 $\frac{1}{2}$ ^d a week.
N.U.M. rejected as benefits v. poor for excessive contrⁿ.
Diffy. is high cost of anything worth while in the mines.
N.C.B. attitude: think H.M. is mistaken. My imprⁿ is that they won't stand pat unless ordered by Govt.
Consumers: at present miners pay nothing; & no ques of prices rising directly.
Delay: out of ques: diff^{ies} already because stalling. Assumed will come in 1/7.
- R.S.C. Essential to m'tain full contrib. principle, even if we give a wage increase to cover it.
- G.A.I. Dangers. High accident rate in rlways & docks. They will come along for more.
Dangers of R.S.C.'s last suggⁿ.
Let N.C.B. negotiate it. And Govt. stand out. Avoid having direct conflict between Govt. & miners.
Miners shd. pay something: but N.C.B. shd. settle what amount.
- T.W. This is a special case because high accident rate & sentiment attaching to it.
Leave it to N.C.B. & say in advance that No. 10 won't receive appeal from N.U.M.

- H.M. This scheme gives all round improvement in benefits.
Fear leaving it to N.C.B. They will give way. They have no sufficient care for consumer.
- P.M. This is impossible ground on wh. to fight miners.
- J.G. Don't assert principle of 50:50. We can get near it in fact by my method. But on flat rate negotiation we shan't get anywhere near 50/50.
- E.B. Cdn't they have their own Fund. Ton poundage to be cont^d by N.C.B. & balance voluntarily by men. They are more careful in administering own fund than in claiming on someone else's. And might help output.
More time to consider.
- J.G. N.C.B. have to submit scheme to me. I offered assistance of my officials. This particular scheme was hatched by N.C.B. officials.
- H.G. Attitude h'to has bn. tht. Govt. shd. not dictate lines of schemes. But I see no objⁿ to makg. sugg^{ns}.
Ministers shd. not become 3rd party.
- J.G. If miners offered 1^d in £7 a week on wages and N.C.B. x^d p. ton on output & came to me & said this = product of that contribⁿ; then I wd. wish my Dpt. to help in working out a scheme to spend it.
- H.G. N.U.M. and N.C.B. are meeting on Friday.
Remember 1^d in £1 on wages & twice that by N.C.B. will give less benefit than rejected scheme.
- R.S.C. I can agree tht. N.C.B. shd. offer X ton & invite men to contribute what they can; & that will be a fund on wh. a suppl. scheme can be based.
- E.B. Say 4^d a ton is N.C.B. maximum. Men can contribute what they like. 1^d in £1 on wages wd. come near Bd's benefit proposals.
- H.G. Rather better.
- E.B. But men must make substantial contribⁿ.
Principle: must be contributory. Rest must be ideas not commitments.
- A.V.A I don't oppose justice to the miner. But you won't resist pressure for more for war pensioners.
- R.S.C. I wdn't try to resist it, if soldiers paid same contribution.

[Exit H.G., G.B., J.G.
[Enter Listowel.

8. British Nationality Bill.

- C.E. Obj^{ns} to description “B. subject” – prs a few Fr. Canadians & Dutch S. Africans. That wdn’t matter. But Indians & Pakistan’s are unwilling, for good enough reasons, to be so described.
[Enter A.B.
Have had to face this diffy. already over Eire citizens.
“Comm. citizen” wd. be acceptable to the Indians etc.
Diffy = tht. Australia so refers to her citizens. This can be overcome. Matters v. little if Australian law & practice continues use of “B. subject”.
Some people in U.K. will claim this is derogatory to U.K. and her posⁿ in Commonwealth. But we must change our attitude if we are to keep people in Commonwealth.
Importance of getting this Bill this Session – so that U.K. preserves initiative.
- P.M. a) This anticipates action re Commonwealth.
b) Phrase itself.
- N.B. We have now reverted to “Comm citizen”. This meets (b).
- J. Why not wait? Till we can know how it wd. be received.
- A. Has bn. discussed. Believe Opposⁿ will welcome this.
- J. Will it annoy Australians?
- C.E. No: just a bit awkward.

1. Parliament.

H.M. Business for week after Whitsun.

A.V.A. Low. & Head & Duncan will raise Pal. on Fri. on adjournment.
S/S. War wd. spk. but has to leave at noon.

P.M. More than our service affected. Av. shd. spk.

[Exit W.W.]

2. Patent Law Reform.

H.W. Non-controversial save para. 7 point. That wd. be useful.

P.M. Shd. you specify in statute qualifications of the special Judge?

J. Balance of opinion among Judges is against this. Needs v. careful drafting. He wd. be supernumerary in Chancery Divn. & cd. never be head of that Divn. Some Judges favour it & it's in line with Swan Rpt.

R.S.C. Do you want scient. qualif^{ns}? Practical knowledge.

P.M. Judge must be competent to do the work. Shd. you say so?

A.B. Diffy. with doctors who demand Judge for Appeal Tribunal. J. tells me none available.
If you do this, where does it stop?

J. Better not put anything in statute. Let Ld. Ch. have discretion.

P.M. Endorsed this.

General support: Ld. Ch. must be left to appoint a suitable person.

R.S.C. Para. 7. People reluctant to apply because expense & pressure etc.
V. few cases – on that a/c: no comp. licences granted. If therefore you want to exploit them, you must enable Govt. Dpt. to apply.

H.M. D.S.I.R. (para. 5) feel that such patents are hindrance to industry & shd. like Controller to have power to reject.

R.S.C. Most diff. to establish 'scintilla'. Generally thought Examiners at Patent Office are not competent to establish this point.

H.W. Know how will be more important than invention - & Examiners can't deal with those.

R.S.C. Can't identify a class of case wh. cd. be dealt with 'summarily'.

[Exit H.W.]

3. Ceylon: Financial Agreement.

R.S.C. Finished negotⁿ with Ceylon. D. Jay has done it v. well.
Blocked sterling balances.
£4m working balance + £1m reserve.
£60/70m p.a. imports. £3¹/₂ m. rest 1948.
Ceylon undertaken to strengthen reserves of dollars.
Will earn £180 m rupees in dollars v. 100 m expenditure.

N.B. Endorsed. C. Delegⁿ have returned v. happy.

4. Resumption of Trade with Philippines.

E.B. Have recently seen new repⁿ in Ldn. fr. Philippines.
Cd. R.S.C. & H.W. consider opp^{ies} of getting into Philippine trade.
again. Wd. they see him?

R.S.C. Yes.

1. Parliament Bill.

[Enter W.W.

P.M. Business for next week.

2. Commonwealth - Nomenclature.

P.M. Don't use 'white' Doms. New or old, if you like.

[Exit W.W.

[Enter E.Sh., L.S., A.H.

3. Stanford Training Area.

L.S. As in memo.

H.M. Gt. personal difficulty.

W.D. case not v. strong.: if limited to 30.000 Territorials.

Pledges were v. real, Tenants were cleared out on categorical undertakgs. by Army Commr. tht. they wd. be allowed to come back. Dept. Reg. Commr. with my auth^y. backed line up. They left on that basis, for patriotic reasons. No doubt or dispute about pledges. Wd. be v. bad to break them – or even to ask tenants to release us.

Wd. affect confidence in Govt. pledges.

Add^l point re Lucerne drying factory - £115.000 on faith of pledge.

A.V.A. Recognise these diff^{ies} But our task = see troops efficiently trained.
Stanford: no other site is suitable. Not a high-class agric. area.
Impartiality of T.C.P. No-one can suggest where else training can be provided.

Nos. to be trained. In such an area can't have more than 1.000 men at a time. Reliance on Terr. Army means they must be equally trained. 30.000 in one season is therefore a big contribution.

Pledge: quoted from P.M.'s C.P. of June 1947, suggesting compensⁿ. para. 48 of W. Paper. W.O. had then sacrificed much as cpd. with earlier demands.

Public enquiry now held. Vital matter of defence: I cdn't accept I.S. suggⁿ we shd. leave it to vote of inhabitants. Govt. must take responsibility – one way or another. Tho' we shd. have to explain posⁿ to inhabitants.

Minimum W.O. requirmt. is the 5 areas. That shd. be clear.

Cost: Expense of clearing out wd. be substantial (¹/₂ m. at least) & wd. take 4 or 5 years. And cost of acquiring less satisfy. area elsewhere.

[Exit H.W.

Decide to-day on Stanford. Purbeck pledge is not on same footing.

- E.Sh. Army Commr. was pressed at time to give a pledge: gave it half heartedly. Nothing new re pledge. Cab. agreed, on W. Paper, to our getting 640.000 acres & several battle-training areas – knowing all about pledge. Need these areas because proved we suffered fewer casualties in war on a/c of this training. 1,000 were evacuated – to emergency accommⁿ elsewhere. Don't know how many of these have gone further a field. Even if we found alternative area, we shd. have to spend much on it. Cab. has agreed we need land for b. training. Gt. diffy. in getting this land elsewhere: in all the other areas we are having trouble. No alternative site in E. Anglia. Nos. to be trained. In a year, 1 Divis + Arm. Brig. wd. be used to train Terr. 30.000 in a year is substantial. And may be more. Agree it's v. diff. position. But cf. Ashdown Forest: L.S. and I have talked them round. Same in some areas in Wales. Suggest we follow same course here. Put it to local people frankly. May find many are content elsewhere. Cd. offer compⁿ to the others. Try it out: without denying there was a pledge. Estimated £280.000 might have to be paid in compensⁿ. Cheaper than clearing out & going elsewhere. Lucerne factory. Might be allowed to continue: wd. enquire into that.
- P.M. Shd. get down to individual cases & see what hardship is involved. Only way to get over pledge is to see that no injustice is done to individuals.
- T.W. 38 farmers were removed: 19 with farms over 100 acres. Don't know where they have gone. If 9.000 acres area has to be found, we know of none wh. wd. do less damage to agric. than Stanford. Take therefore Stanford rather than any other.
- P.M. No ques. of dodging pledge. Must take line that nat^l emergency & requiremts. make it inexpedient to honour it. Try to place the individuals vice money compensⁿ. M/Ag. shd. help.
- E.B. Create organisation for owners & tenants to deal with /x. No rigid rules for all. Deal with them one by one.
- J. Must be way of dispensing with pledge. Parlt. is authy to give us dispensⁿ. We cd. go to House & ask to be relieved.
- G.A.I. Don't go to Parlt. until all cases investigated & we go only on outstanding cases we can't settle.
- [Exit J.]
- A.V.A. Para. 45 of W. Paper is quite consistent with dealing with cases individuals.

P.M. A.V.A. shd. explain posⁿ to the King.
 { W.O., T.C.P., Ty., M/Ag. to get at facts on this individual basis.
 { Meeting on the spot to explain what we intend:
 { ask H/C. to release us fr. pledge: then go into cases individually.

Agree: on this basis.

[Exit L.S.

[Enter H. Shawcross & H.

4. Death Penalty in Services.

A.V.A. As in memo. Can we do it by amendment of Cl. 70?

H.M. No. Because H/L. will delete Cl. 1 in all probability.

H. No diffy. in doing it by amendmt. of Service Codes.

H.M. Wd. prefer to wait – for don't know what we shall have to do on cl. 1.

Approved substance.

Reserve decision on method.

5. Economical Affairs.

R.S.C. Total man power much as planned.
 Planned contraction of bldg. & c. eng. ind^{ies} isn't going to happen
 because original decⁿ modified.
 Rise in textile ind^{ies} shown than planned. Partly because level of
 women's earnings . cf. Table 13-14. They don't induce women
 to leave other ind^{ies}.
 Worst = coal.

H.G. To Easter well up to target or higher. Haven't picked up betwn. Easter
 & Whitsun.

Man-power.

- a) Exodus of ballotees[sic] v. heavy.
- b) f. man-power expected in 2nd half. Didn't therefore expect
 much more. It's O.M.S. tht. is worst. 3-4% lower than
 expected: partly because O.M.S. & partly because
 absenteeism. N.C.B. have little to say on either point.
 Absenteeism prob. due to fine weather. O.M.S.:
 revision/tasks condⁿ of 5 day wk. haven't been carried thro'.
 Grimethorpe settled that. Not due to lack/equipmt. May
 poss. be some increase in developmt. work.

Considered discⁿ with men & N.C.B. Doubt it if no specific points to
 put. Cd. put revision/tasks: extra hours (inclgd. ½ hr. vice Sat^y).
 Delayed because don't want to act too soon after Reid's resigⁿ.
 Also want to see if we pick up after Whitsun holiday. If no
 improvemt. I shall have to act on these lines.

- P.M. Efficiency of managemt.?
- H.G. No v. marked diff^{ce} betwn. one pit & another wh. cd. be attributed to variety in managemt.
Newsome (in reply to H.M.) resigned because Reid's statement to Sc. miners. But personal factors behind it. And he isn't an easy man. Mistake to try to persuade him to stay on with N.C.B.
- A.B. $\frac{1}{2}$ hour vice Sat. Get back to that.
Don't expect too much from mechanisation in B. pits.
Don't high-light absenteeism overmuch. Get down to pit managers: & improve organisation.
- H.G. Much too depends on Union leadership.
- T.W. Extra $\frac{1}{2}$ hour no good w'out increased stint.
We have 5 day wk. in return for a promise, which hasn't been carried out. Our duty to say so. H.G. ought to see them.
- R.S.C. Steel going v. well.
Housing in better balance. Nos. contracts let have bn. increased.
- A.B. Completion rate will fall twds. end/year.
Takes long time to start. Also am insisting on competition tendering, wh. makes more delay.
But shall still be above completion rate of 200.000 a year.
Licensing limit. Unless unemplt. figures rise want to discuss this again.
- R.S.C. At Prodⁿ Ctt^{ce}.
- R.S.C. External Trade.
April larger gap. B/T. figures don't corr. b/payments figures.
Increased prices = main cause of higher import figures plus small increase in quantity from soft areas.
Exports to hard areas = 18% (cfd. 17% in 1947) in last quarter.
Better than planned.
B/Payments. Righted itself in 2nd quarter. Only 26m drain because decline in Rest/St. Area drain + S. Afr. gold.
But her reserves are now so low they won't be able to pay next quarter.
Warning tht. rate of drain will increase again next few wks.
Tendency to increase our imports fr. sterling area. Their balances are rising – as are those of soft currencies countries outside sterling area. More people are prep^d to hold sterling. More confidence in sterling.
- E.B. As it strengthens, uneven supply of capital & consumer goods.
Sterling balances so high, & orders so much lagging, there may be dissatisfⁿ. Siam have mentioned it.

Need therefore to watch deliveries of orders keep pace with customers' delivery of food etc. to U.K.

- R.S.C. Late ordering prob. explains Siam's diffy.
- E.B. Siam want to make lump-sum settlemt. of outstanding matters.
- N.B. Motor-exports. Are the cars running abroad?
- R.S.C. Yes: pretty well: certainly in Canada.
- A.B. Wages: Agric. conference asked for more. Roadmen are asking for it.
The old cycle.
- G.A.I. Believe both claims will go fwd.
- A.B. But if l.a.'s increase expenditure Ty. & l. will be in trouble.
L.a.'s ought to stand against roadmen. Wage index is rising.
- R.S.C. Not so fast as it might.
- P.M. Discuss this on Prodⁿ Ctt^{ee}.
- E.B. When will shipping show net carrying invisible exports. B. Steel cut
will reduce my p'mme.
- R.S.C. No cut in steel. Shipping shd. earn substantially in 2 years time.
- A. Tankers are critical to oil.
We cd. build more if we had more steel.
- B. Adm^y & l. are putting memo in Prodⁿ Ctt^{ee}.
- E.B. Remember importance of shipping in f. policy.

[Exit H.G. & B., T.W.]

6. Palestine.

- E.B. No control over Abdullah since 15/5. He was to have gone only to Arab areas. But went to Jerusalem. Found he had 2 B. offrs. there: have w'drawn them.
Opposed Art. 3g because irrevocable. Sanctions wd. have widespread effects – down to Pakistan. Care of Jihad – 70m. in Pak.
U.S. proposed truce. I said wd. support it. Heard fr. Amman tht. Arabs wd. agree to Jerusalem Truce if Jews complied.
Urged also Mediator at once. Three points.
Just as I was getting it all right, Truman stepped in and recognised Israel. Then all my work was undone.

- And I had to start all over again. And tried for the Cease Fire.
That was alright, when Weizmann statement came out: & Arabs
cdn't lose face by accepting it. "I don't get a chance".
Shall have to do more about the 30 B. officers with Arab Legion.
Thought they wd. help in controlling Arab rank & file. But now
another decⁿ is required.
Loan. Note Marshall's statement in Press tht. he knew nothing of it.
U.N. decision not so bad as it looks. If we can get Sec. Council to take
a firm line.
Arabs will never recognise Israel. Never be good neighbours.
Neither party will sign agreemt. But Arabs wd. bow to stronger
power. Wd. observe a U.N. decision. That seems only way out.
- R.S.C. Hoffman's promise to Senate to enquire wtr. U.S. money has bn. used
by us to help Arab to fight Jews.
When we put Transjordan out of sterling area we had to provide her
with dollars for current business. Did same to Palestine. A v.
complicated situation – for Hoffman to look into.
Am having statement of facts drawn up. E.B. cd. then put it to U.S.
Ambassador & urge him to tell U.S. to come off it.
- E.B. If it's not this, it will be something else.
I'm not going to be threatened about effect on E.R.P. Have told
Jackson I won't speak at all under that threat.
- A.B. Agree. Must grasp this nettle at outset. Must deny it gives U.S. right
to examine what use we make of their assistance.
Take all the row at the outset.
Palestine: when do we recognise? Will we allow all Doms. to go
ahead of U.K. in this?
- E.B. Must wait a bit. I have app^d Hugh Dow: arrives Jerus. to-day. A good
Consul there, also. Dow will try to contact both sides. So we
shall cease to be in present diffy. where we can talk direct to
Abdullah but not to Shertok.
Seekg. further means of getting truce. Suggest giving Mediator a Mil.
Ctt^{ee}. for inspⁿ (with aircraft etc.) Begin to build up posⁿ of
Mediator.
- N.B. U.S. Guatemala & Soviet group have recognised.
If all Doms. had recognised last Mon. it wd. have bn. awkward.
N.Z. are now holding off. Canada are against recognising .
Evatt is embarrassed.
7. Atlantic Regional Pact.
- E.B. Disc^{ns} re regional defence: U.S. are doing well. This will have more
effect on E.R.P. than anything.
Pol. disc^{ns} not military.

8. Discussions on Germany.

E.B. Will circulate memo. for decision Mon. or Tues.
On political organisation of Germany: may be agreemt.
Internat^l control of Ruhr: Fr. have now accepted.
Security v. Germany: U.S. have gone far to meet French.
Memo. has now to be re-written. But as this is so vital (re-action of
Russia) want a special mtg.

1. Palestine.

E.B. Fr. and U.S. were v. wobbly over this.
U.S. thought to be willing to support one resolⁿ. But followg. day
U.S. denounced it in Sec. Council. Then U.S. Govt. said to me
they wd. support subject to amendments.
Sec. Council considered on Sat. Fr. moved amendmt (para. 31)
providing tht. if immigrants enter they shan't be mobilised.
This isn't acceptable to Egypt. Have tried to get them to agree.
Cyprus – camps are being held for 4 weeks standstill.
I adhered to Art. 36: to avoid 39, which wd. have admitted R. troops.
Statement in H/C. Can't answer supplementaries. Arabs are mtg.
in Amman. Prefer therefore to wait until Wed., when I can tell
the whole story.

H.M. Put them off last week. By promising statement prob. Monday.
W^d be useful if E.B. were on Bench – to explain why he can't make
a statement to-day.

E.B. Yes: I can say that. W^d prefer not to.

P.M. I will explain. E.B. can be present.

E.B. May my policy – on U.N. Resolutions – be formally endorsed?

A.V.A. No ques. of breaking our Treaty with Transjordan?

E.B. No.
Means breaking contracts to supply arms to Arab States pro tem.
Must be supported on that.

H.M. Cyprus. a) was understood we wd. empty the camps.
b) what shall we do with them eventually?

C.J. Will be done with consent of J. Agency.

R.S.C. Hoffman has told Senate Ctt^{ee} he is satisfied re financial aid to
P. & Transjordan.

E.B. Prospects for truce are good – save for complicⁿ of Fr. amend^{mt}.

2. Germany.

E.B. Convers^{ns} procdg. Brought Strang because familiar with detail.

a) Political Structure.
Pol. diff^{es} in France – mainly from Blum & Socialists.

Election to C. Assembly. Favoured by U.S. and us. Move now to allow Land Parlt. to decide wtr. election or nomination. Inclined to test that out. But suppose C.A. favour direct election to a central Parlt. – wd. French veto that. The voting etc. wd. be in Lander.

Can't continue Mil. Govt. much longer.

Shall we go ahead as proposed? And go on bi-laterally if French dissent? Risking also any R. re-action? My view is that if we yield to weakness of French it will create the very situation Fr. fear.

b) The Ruhr: and Security against Germany.

Discⁿ turned on what will happen when Mil. Govt. ends. Bound up with disarmament & containment of G.

On structure of Control over Rhur, there is agreement.

Trouble has bn: Fr. desire to get into technical management.

We have resisted that. W^d be a failure. Must restrict ourselves to allocation of output, over-all control, developmt. to fit with E.R.P. Fr. cd. find no support for their view & have at last agreed present proposals.

Fears for future. Have seen U.S. Amb. & have bn. assured Sel. Service Act will be carried this Session. Marshall's speech on continuity of f. policy v. any resurgence of G. was made with authority of Adminⁿ.

c) Currency Reform.

Fr. are trying to p'pone. Sure we must press on with it. can't relate G. to E.R.P.: can't get on with wages or price policy. Don't intend to introduce it in Berlin.

If French decline to go on because their internal pol. diff^{ies}, what shall we do? Propose to support suggⁿ tht. we shd. tell Fr. that in that event we shall go forward in Br. & U.S. Zone. O.K. for France because their Zone costs them nothing.

Political Structure.

R.S.C. P'ponemt. of date. Para. 7(a). Tel. 2888 Basic re currency says fin. & pol. action must be simultaneous. Does this mean p'ponement of pol. is imposs. because of imposs. of delaying currency?

E.B. They can be handled separately. Don't intend to have currency reform p'poned.

A. Attitude of G. people. Sub-division of G. Will they resist?

E.B. No: they say "get on with something."
Will make it clear this isn't inconsistent with G. unity, but a prelude to it.

- P.M. What is G. view on direct or indirect election to C.A.?
- E.B. They want elections. In Bizonia they shall have them. Must be sure it's a G. voted act. Fr. are afraid of central Govt. being implied. We say: they can do it in Fr. Zone.
- P.M. Elections on lists or of persons?
- E.B. On present system of election to Luder, wh. is compromise betwn. direct election and p.r. It is not a list.
- H.M. May Cab. see the Letter of Advice?
- P.M. That is 2nd stage? During C.A.
- W.S. Yes.
- A.B. Can't we see this in detail. It's vital. cf. causes of collapse of Weimar constitution.
- P.M. Ques. is does that outweigh advantage of getting Fr. Zone included.
- T.W. Too late to change system we earlier approved.
- N.B. Safe to accept U.S. compromise – because Luder will choose direct election method.
- R.S.C. What propⁿ is Fr. Zone?
- P. 6 m. out of 46 m. V. small propⁿ.
- W.S. Robertson thinks all Luder in B. & U.S. Zones, save prs. Bavaria, wd. prefer direct election.
- P. Confirmed, subject to some doubt on N. Rhine/Westphalia.
- A.W. Informing R. first. Won't that give them chance to propagand.
- E.B. Must deal fairly with 4th Occupying Power – and take chance on that.
- A.B. Fr. demand for long delay. Makes no sense, qua Germany. They refer to results of Elections in Hesse. Thought that was defeat of Comm.
- W.S. (There was a rise in a Right Party vote: but U.S. don't accept Fr. appreciation of this.)
- E.B. I will circulate a final document – giving more detail. This is only an interim guidance on policy.

- R.S.C. If French don't come in, can we then have direct elections?
- W.S. That is U.S. intention.
- E.B. Let's get it clear with U.S.
- P. Attitude of Germans. Only circs. in wh. Parties wd. prefer indirect election = if they felt discredited & cdn't face the public.
That is a reason for going on, soon.
- H.M. Can we influence work of C.A. To get a strong system, as near as possible to strong 2. party system. Weimar failed because sensitiveness to minority groups. Dangers of P.R. Splinter parties = cause of Fr. weakness.
- E.B. We had this as our aim in creating electoral system for Luder.
Will circulate a separate note on this. System in practice has produced a pretty strong Party lay-out.
a) Political Structure. Proposals approved.
- R.S.C. Ruhr. How long will Authority last?
- W.S. No limit is set. But not stated it will last for ever. Plan contemplates to periods a) Mil. Govt. period. b) Thereafter contacts direct from Authority to German Govt.
- R.S.C. Last sentence in 3(d) on p.6. Means?
- W.S. Read full text of article It means "sanctions."
- R.S.C. Shd. we not make it clear we adhere to our policy for socialisation of Ruhr industries?
- W.S. I have done so, throughout conference. But can't include in results of this conference any agreed statement on ownership.
- E.B. G. people will look after this – pressures from German T.U.'s on U.S. auth^{ies} are already beginning.
- R.S.C. Para. 3(b). "If no internat^l body is set up....." – Withdrawn.
- P. Suggⁿ tht. this is 1st step towards internat^l control of all industrial groupings in Europe. Cd. this be tried again?
- E.B. But that covers countries outside G. Can't be done by this Conference.
We are pushing that idea on [5 Power and] O.E.C.C.
- A.B. Cd. we say this is knitted in with O.E.C.C.?
- W.S. It is there.

Political: Adjustment of Land Boundaries.

- R.S.C. Why take this ques. out of jurisdⁿ of C.A.?
- W.S. Popular consultⁿ will take place before C.A. formed.
- R.S.C. Will C.A. be able to revise boundaries.
- E.B. We haven't provided for that.
- P.M. Will turn on Letter of Advice.
- P. This ques. will be a red-herring. Better to keep it out of C.A.
- E.B. I will consider wtr. C.A. will have to be precluded from handling this ques. of boundaries.

Security against Germany.

- P. "A considerable period" vice "a long period" of occupⁿ.
For this will be a knell to G.

1. Ministers' Summer Holiday.

P.M. Ministers' holidays.

R.S.C. 5 yr. p'mme for E.R.P. 2nd week of Sept.

2. Mr. Dalton.

P.M. Welcomed return to Cabinet.

3. Parliament.

H.M. Business for next week.

4. Capital Punishment.

C.E. Cl. 1. deleted by large majority in H/L. Cab. must consider action.
Some criticism tht. my action re reprieves was unconstitutional.
That issue not raised in H/C. or earlier in H/L. Propose no change.
Goddard advised H/L. to close minds to compromise. But in other quarters it's felt tht. shd. be poss. to find via media. W^d it be useful to consider some compromise to put to Party mtg.
J. has considered some & consulted me. And has leads for new Cl. wh. cd. be submitted, now or later. Bill won't return to H/C. for a month: but must consult Party m'while on a draft Clause.

P.M. Party divided. Country on whole more against Cl. than for it.
Chorley (Pres. of Abolition Soc^y) wd. apply. accept a compromise.

A. H/L. as a whole wd. accept compromise – limiting extent. Goddard isn't rep^{ve} of majority. Favour compromise.

J. Quoted Chorley – end of speech in H/L.
Att-Genl. wd. be ready to accept compromise on these lines.

P.M. General view of public. Do Cab. agree with my view?

H.D. & others. Yes. (T.W., G.T., H.M.).

H.M. Must find a way out. Parlt. Bill: our policy is to secure that popular opinion prevails over H/L. Awkward therefore if we don't find a way of giving effect to current popular view on this.

- W.W. Some change in Party view since H/C. vote. Not v. much. But consultⁿ on these lines may bring them to majority support of a compromise.
- P.M. Compromise wasn't before Party before.
Any change must be by Govt. not by yielding to H/L.
Cd. C.E. get into touch with Benson etc., & test their views.
- A. Danger of allowing H/L. to express popular view v. H/C.
- R.S.C. Act quickly before views consolidate in Party circles.
- E.B. Cab. shd. decide - & quickly – to give Party a lead.
- A.B. Prep^d to support, in circs., a compromise.
But must contest argument about Gallup Poll etc., straw votes.
- P.M. { Ch. Whip & C.E. to take informal soundings in H/C.
{ Sub-Ctt^{ee} to work out new Clause.
{ Cab. Monday next: Party mtg. Wed. next.
- R.S.C. In circs. wd. be ready to support reasonable compromise.
If we decide that to-day, I & others can help in Lobbies at once.
Exact details can wait.
Agreed – on this basis. [Exit C.E.]

5. Parliament Bill.

- A. Cross-Bench opinion apprehensive of posⁿ if they reject Bill on Wed.
I want to make posⁿ of Oppⁿ as diff. as possible.
If Bill is rejected, door is shut to any amendmt.
Cross Benches want to give 2nd Rdg. & seek for acceptable amendmt.
Halifax is apprehensive of Tory intransigence.
The 9 mos. wd. suffice for Gas Bill – he agreed. [Exit H.W.]
I will be asked what Govt. wd. accept in Ctt^{ee} if 2nd Rdg. given.
May I offer tht. we wd. introduce our alternative formula?
That wd. rally reasonable support.
- P.M. Not so far as that. Say we have bn. accommodating & wd. have bn. ready to put proposals to our Party. You shd. be reasonable & give 2nd Rdg. Then we will see what can be done. But don't promise.
- A.B. Will be diff^{ies} in Party. Bitterness now. Feeling we are going from weak posⁿ to a weaker one. H/L. are askg. for time limits wh. restore their power of challenge.
Cab. has never approved these proposals. Tho' L.P. gave Scarboro' impⁿ tht. W. Paper had Cab. authority.

- H.M. These disc^{ns} were reported to Cab. What is in doubt is attitude of Party. And all was “ad referendum” to them.
- E.B. Cab. agreed to back 9 mos. formula in approach to Party – if agreemt. reached with Party Leaders.
- A.B. All tentative.
- P.M. But we were authorised to put this formula fwd. – on basis tht. if agreemt. reached we as a Cab. wd. recommend it to Party.
- A.B. My advice is to proceed now on basis tht. all this is dead because agreemt. not reached in Party Leaders’ Conference. Much opposⁿ in Executive. And in Unions.
- H.M. In H/L. debate, there will be divisions of opinion. Cross Bench may want to keep issue open until Ctt^{ee}. Govt. will have to say wtr. they are ready to talk in Ctt^{ee}.
Party Conference debated wtr. Govt. shd. be free to go on discussing. They carried “prev. ques.” – meant they wanted or were willing that Govt. shd. go on discussing. Executive auth^d me to say tht. had concurred in disc^{ns} at Party Leaders Conf^{ee} & were willing for Govt. to have free hand to go on.
All was subject to Party mtg. Govt. doesn’t fall therefore if Party won’t have it in the end.
- P.M. Let A. say: 2nd R. = approval genl. principle. On detail Govt. always ready consider amend^{mts} in Ctt^{ee}. We wd. therefore consider proposals: tho’ no promise to accept.
- E.B. | Say Govt. willing to consider any amend^{mt} wh. doesn’t destroy
x | effectiveness of H/C. up to & incldg. 4th Session of Parlt.
| Make it clear tht. this = objective of Salisbury.
- A.V.A. Was originally against these negot^{ns} & we have got into diff. posⁿ as a result.
Fundamental tht. reply shd. not promise fundamental change in Bill as it left H/C. w’out consultⁿ with Party.
- P.M. We have stood for 4th Session. We can stand by that still. But don’t exclude in advance amendments w’in that.
- A.B. Ques. of timing shdn’t be allowed to prejudice reform of compⁿ.
I wd. give less time to a revising Chamber.
- P.M. I take opp. view. It is because this House asserts itself against H/C. tht. I believe time shd. be short.
If you can get rid of element of challenge, it becomes a much more ‘minor’ affair.

- A.W. Expediency: better to get Bill thro' this Session. May have to have Genl. El. earlier.
H/L. haven't used these powers for 36 years. If we have 2nd term we shan't have so big a majority. Thus – get this reform effectively secured in this Parliament.
- A. V. doubtful wtr. we shall get 2nd Rdg. on any basis. But I'm content with formula at x/.
- A.B. Record my view tht. this is w'out prejudice to any ques. of time-limit for a revising Chamber.
- P.M. Very Well.
- H.M. Shd. be mentioned at Party meeting on Wed.
- A.B. Hope ques. of composⁿ won't be resurrected.
- H.M. I hope it will.
- P.M. Anyway all that wd. have to come to Party.
- [Exit W.W.]

6. Anglo-Egyptian Conversations on Sudan.

- E.B. Talks in Cairo since 10/5.
Condominium uncertain. If we were taken to Intern. Ct. we shd. prob. be ousted.
Egyptian opinion in favour of settlement – Nokrashi is diff.
Sudanese .. rising.
Have suggested a) 2 nominated Egyptians on Council.
b) electoral system: Anglo-E-Commⁿ
c) progress to self-govt.
This was agreed. But Nokrashi is now insistg. on parity for E. in the adminⁿ. This I have refused.
Promised Sudan to issue 24/5: extended up to Mon. next.
Ques: if E. still holds out, may we go on alone with promulgⁿ of Ordinance. W^d be illegal; but doubt if E. wd. challenge it. Recommend we take the risk. Otherwise we lose support of Sudanese.
No risk of being taken to U.N. Only to Intern^l Court.
- C.J. Support this.
Agreed.

7. Palestine.

- A. Strabolgi has put Motion for Tues. on Palestine.
Salisbury says his people wd. like an innings on this – pro Arab.

E.B. Any debate now, taking sides, wd. be fatal. Must give Mediator a chance. And he reports to Sec. Council. It isn't we who now have to decide.

A. V. well: I will bat it off.

[Enter G.S.]

8. Steel Scrap from Germany.

P.M. V. disquieting. Long time. Thought Loch was to appointed [sic] weeks ago.

G.S. Organisation going well. But disc^{ns} with U.S., delays of J.E.I.A.
At best we shall be ½ m. tons short in year starting 1.7.48.
We must take it up with Harriman.

R.S.C. V. serious situation. German – currency ques. But U.S. have butted in & are seeking maximum for E.R.P. purposes. And our prospects are v. poor. Doubt if we shall get this in time anyhow. Recommend scratchg. around everywhere & not relying wholly on Germany.

A.B. We have stepped up steel prodⁿ w'out enough scrap.

R.S.C. Long-term solution must be expanding pig-iron: & that is in hand.

G.S. By 1952 we shall be indep. of foreign scrap. But problem is scrap for intervening years.
Final Rpt. of Cunningham Ctt^{ee}: want it up at E.P.C.

P.M. "Other sources" – there aren't any.

E.B. Give me informⁿ so I can keep going at Douglas.

R.S.C. Can do more to collect scrap in U.K. Gareloch output cd. be doubled if man power increased by making one of 3 existg. camp available.

G.S. Will enquire. But have expanded the ship-breaking organⁿ already.

H.M. Tram-lines – lying there because uneconomic. M/T. shd. contribute as part of highway reconstruction.
Another report in a month or less.
Constant pressure on Douglas.
Report w'in a week on Gareloch.

9. Social Services in W. Europe.

E.B. As in memo.

- A.B. More time. Our machine is strained to limit.
- E.B. Will arrange date to meet your convenience.
- J.G. Some done already e.g. agreemt. with France.
But must be able to do it when & as we can.
- E.B. But keep W. Union in balance.
Only want approval in principle.
- G.T. Going on now, with F.O. – esp. Anglo-French.
Surprised at extent of this.
- J.G. W’out prejudice to reciprocals w’in B. Commonwealth.
- E.B. Agree: at Comm. Conf^{ce} wd. wish to report all W. Union moves
& give impⁿ we are moving pari passu with Commonwealth.
Agreed.
- E.B. Proposed Exhibition.
Ctt^{ce} recommend films vice Exhibitions.
- H.M. C.O.I. haven’t bn. able to consider.
Can E.B. & I be auth^d to examine & submit to Brussels any
practical plan.
- N.B. Give Fr. material for Exhibition if they want to stage one.
- E.B. Ours wdn’t come out well in Exh. run by the French.
10. Conference on Freedom of Information.
- R.S.C. Art. 3. W^d prevent Lobby Conf^{ce} w’out inviting foreign Press.
- H.M. Impossible.
- E.B. Will consider.
- C.J. Drew attentⁿ to bottom of p. 2. Govts. shd. be consulted.

1. Sudan.

E.B. No E. re-action. Contempt.
Will announce we mean to go on unilaterally. Promulgate next week.

2. Germany.

E.B. French obstruction because their internal politics. Fr. Socialists want another Conference with Russia. I won't go again to Moscow. Have exhausted that possibility. Only way of dealing with R. now is to show determinⁿ to go ahead.
Recalled development of policy over G. Attempts to secure internatⁿ of Ruhr – defeated by Fr. desire to dismember G.
Now the plan frustrated by Fr. desire for detailed technical control over R. indust^{ies}.
Fr. fears change. At first they wanted to appease Russia: then guarantees from U.S.A.: then detailed control over Ruhr.
Satisfied tht. if Fr. won't agree we & U.S. must go on.
Fr. internal political intrigues – to unseat Bidault.
Hope we may get Benelux to go forward with us.

A.B. Present to France unwavering pol. front. Stiffen them fr. outside.
She can't accept either isolation or dependence on Russia.

3. Burma.

E.B. V. serious developments. The P.M. is double-crossing us. Believe B. is gone (Communist). We have commitments to supply arms. I & B. Ctt^{ee} shd. meet to review posⁿ. We may be supplying arms to build up a Comm. State.

R.S.C. Send for Ambassador & give him a straight talk.

P.M. P.M. was opposed to Comm. when here: seems to have gone over to them.

R.S.C. There were 2 lots of Comms. They were trying to bring in White Comms. Those talks broke down: but Govt. intended to try again. Not sure tht. this isn't the 2nd attempt.
A dangerous policy – may be only practicable one.
T. Nee wdn't 'double-cross': but he's not experienced politician.

N.B. This view confirmed by recent talk with Burma policeman.

H.D. Financial commitments also. We have some hold over them.

- R.S.C. Get someone to talk to Tin Tut & come home & report. Agreed.
4. E.R.P.
- E.B. Going better in W'ton.
- R.S.C. But U.S. lust for informⁿ may break O.E.C.C. completely.
- H.W. U.S. techn. people (& internat^l Secret.) will now be associated with
Ctt^{ees}.
- R.S.C. Has made it worse so far.
- E.B. Let me have facts & I will take it up.
- R.S.C. Ask Hall Patch.
5. Iron and Steel Bill. [Enter W.W., G.S., H.G., B.
H.M.]
- P.M. a) Scheme C. or D.
- G.S. B. wd. split existing core of control under Fedⁿ. C = Fedⁿ unit.
- R.S.C. Favour C. Shd. take unit large enough to give substantial control
in all main sections. Will make it easier to take Fedⁿ in.
- A. In App. p. 9. Firm 32 & 45. Each employs large nos. G. Keen &
Sankeys both employ more in ancillary than in steel.
80% of employees are doing something else. Why clutter
ourselves up with these activities? Will have to hive them off.
- G.S. Much of this work has bn. found economically desirable.
We may find it so, too. In other cases we shall hive off.
G. Keen already hiving off their extraneous work.
Sankeys = borderline. But subsidiary of G. Keen &
Lysaghts: so we shall buy them anyhow. And we can hive
them off later.
- A. Politically v. awkward. Taking them over with intent to get rid of
them later. Diff. to answer.
- R.S.C. This point arises on D. as well as C. cf. D. Long or English Steel,
R. Thomas – all have nos. employed outside.
No. of subsidiaries is not criterion of distinction betwn. C. & D.
- H.M. S.I.M. considered at length. Arguments balanced. But
a) greater the no. to be hived off, & area of hiving off is
larger, you increase diff^{ies}. But C. or D., there will be a

problem over this.

- b) large no. of firms to be handled – bds. of directors, to be re-constituted etc. Fear admin^{ve} problem of straightening out. C. involves 240 cos. (155 subsid^{ies}).

On other hand D. doesn't cover all the steel element in the industry.

Ques: shd. there be competⁿ betwn. socialised & un-socialised?

(Scheme C. includes no. of small cos.) Two views: a) competⁿ wd. spoil monopoly. But b) competⁿ wd. stimulate either one side or other, as need arises.

- P.M. Can't you seek or provoke hiving off in advance?
- G.S. Yes: when I can talk to Fedⁿ, I shall say what hiving off can be allowed & what can't. Sanction: retrospect. prov^{ns} in Bill to check hiving off which wd. sabotage our scheme.
- J. Admin^{ve} diff^{ies} of C. are v. dangerous. Must we do this at one stroke? Can't we take powers but do a smaller scheme to start with.
- R.S.C. If you take Fedⁿ unit (C.) your admin^{ve} diff^{ies} will be less than if you take some diff. unit.
- A.B. cf. para. 12 of S.P. 123, wh. shows C. is administratively easier. And, politically, C. is far preferable.
- J. That assumes co-opⁿ of the industry: & you won't get that.
- A.B. Anything less than C. wdn't pass Parly. Party.
- N.B. M/T. war-time experience suggests greater diff^y over leaving out than bringing in. Fedⁿ unit is therefore the best.
- H.W. J.'s suggⁿ wd. perpetuate uncertainty: which wd. prevent expansion of firms not taken over at outset.
- H.M. Will M/S. be able to get hold of Steel House?
- G.S. Hope, when battle is over, we may get the technical people. You can't take them over by statute.
- H.D. They will have no alternative employment.
- R.S.C. If you don't leave out too many cos.

Agreed: Favour Scheme C.
The case for the Bill. (to be taken later)

b) No option to come in to nationalised industry.

H.M. Grounds shd. include obsolescence vice inefficiency.

A.V.A. Nos. employed? Union attitude?

G.S. Prs. 50,000. But Union will be content with Scheme C.
So my Parly. Secretary assures me.

P.M. There will be pressure from individual firms.
Proposal of M/S. approved.

c) Wide Powers for Corporation.

G.S. Propose Corpⁿ & nat^d cos. may do anything covered by Articles
of Assocⁿ of all existing cos.

T.W. Includg. banking, farming etc. Invites opposition.

G.S. Alternative: activities already undertaken by cos. or more with
consent of Minister.

H.M. This = Parly. tactics. Alternative gives us enough.
Ques: wtr. we retreat to that, as a concession.

P.M. Criticism – other activities via Steel Corpⁿ.

A.B. Ques. of Minister's powers. Clear that Minister's consent will be
required before Corpⁿ goes into other business? If so, can
say they won't be exercised when extraneous to steel.

P.M. Only practical point is how wide a flank you expose to criticism.

G.S. a) No hiving off, after 5 years, of important activities w'out
resolⁿ of Parlt.
b) Industry makes & will continue to make bye-products
e.g. moth balls & tennis rackets.
Alternative (above) is enough. And Minister will control situation.

J. Flows from conceptⁿ that State becomes single shareholder.

H.M. So long as Minister controls situation.

A.B. Must be public accountability thro' the Minister.

H.G. No Parl^y diffy. in my Bills over powers – when you argue no wider
than cos. had.

G.S. But we had trouble over it in Transport Bill.

- J. Believe Cl. 2 is unnecessary in either form.
Only power needed for Corpⁿ is to hold shares.
If you want a new activity, promote another co. to do it.
Stick to conceptⁿ of a holding company.
- R.S.C. Agreed.
Agreed: M/Supply to consider & report on this new idea.
- d) Parliamentary Timetable.
- H.M. Space between various stages of Bill. Wanted by M/S. But awkward Parliamentarily.
W^d prefer early publⁿ c.f. at end of this Session.
- P.M. Long before you can state your own case.
- W.W. C^d have gap before Ctt^{ee}: but not the later gaps.
- P.M. H.M.'s plan wd. give all the chances to Opposⁿ.
- H.M. W. Paper and Lobby Conf^{ee}.
- A.B. No W. Paper – wd. put us on defensive.
My feeling in favour of early publⁿ was to allay further speculation about Govt.'s intentions.
- R.S.C. Enough to publish during autumn short Session.
- H.M. That wd. meet my view.
- A. Must make our case soon: by W. Paper or by other means.
Must begin to build up our case. But don't publish Bill long in advance.
- H.M. W. Paper or Party pamphlet. We must make the case.
- P.M. Don't usually have argumentative case put in W. Paper.
- R.S.C. Nor is it wise to anticipate 2nd Rdg. speech.
- E.B. Internationally – not too much delay. Publish & push it thro'.
- H.M. Remember there may be no chance of amendmt. in H/L.
- Agreed: timing to be considered by M/Supply
H.M. and W.W. And report to P.M.?

e) The Case for the Bill.

- H.M. This 2nd memo. goes some way to fill our gap & meet my points.
Can't rely too much on bad pre-war history of industry.
C^d S.I.M. go thro' this & look for add^l points in favour & bring up a report.?
- P.M. Incentives. How do you answer that?
- G.S. Most of industry is run by salaried technicians etc.
Their incentive will be as before.
- A.B. Propaganda (Govt. & Party) to carry workers with us – to convince them it's not all the same as it was.
- E.B. Doubt need for that. Trouble here is control by insurance cos. Fear of workers in return of restrictionist practices when boom is over. Thing to put over is our intention to ensure continuity of high level of production. T.U.'s could carry this line well enough. Managers aren't influenced by profit motive. Don't interfere with salaries or perks.
Will there be opportunity for more personal management. Our man responsible. Some nat^d bodies are more impersonal than cos. were.
- P.M. Who will directors be?
- G.S. Eventually, working directors – such as we wd. wish to appoint.
- E.B. I.C.I. system is good. Gives a personal touch.
S.I.M. Ctt^{ee} to review case for the Bill.

f) Consultation with Industry.

- G.S. Want to tell them & invite their co-operation. Must give them a chance.
Agreed.

g) Leakage of Information.

- P.M. Observer must have someone in some office.
- H.M. Started in Express on Sat^y. Believe it's a politician – with a motive. May prevent frank discussion in Cabinet.
- A.B. Can't understand this – Trefor Evans.
Cd. be guess work. Many Ministers have exp^d views.

Knew on Thurs. (& told E.P.C.) that this was out: Massingham told me.

A.V.A. C.A. doesn't mention all these names. [Exit B., G.S., H.G.]

6. Parliament Bill.

H.M. As in memo.

P.M. First course is clearly the better.

A. Can't we get understanding with Oppⁿ? Persuade them to reject Bill at once.

H.M. Whips suggest consultⁿ.

1. Parliament.

H.M. Business for next week. [Enter W.W.]
A. H/L. Diff^{ies} over Nationality Bill. But expect 3rd Rdg. on Thursday.
[Enter B., H.G., G.S., J.S.]
[Exit W.W.]

2. Economic Affairs.

R.S.C. Labour: employed risen: unemplt down. But little headway on
undermanned. June '39 16.8: June 46: 16. ? 15.5 Sept. 47.
15.4%. Apr. '48 15.7%. Agric. O.K. : Coal & textiles bad.
Bldg. 200.000 over target at end/year.

G.A.I. Other ind^{ies} climbing up quicker than undermanned. 48.000 handled
last month & 47.000 went to 1st priority jobs w^{'out} dir^{ns}
(implying all vacancies filled).
Immobility because lack of accommodⁿ. No job where houses & no
houses where jobs.

R.S.C. Switching hostels from cotton (where f. labour can't be absorbed) to
coal (where it can.)

A.B. Must adjust bldg. not to where labour needed but to where we know it
can be supplied. Risk of increasg. rural housing to point above
supply of farm workers.
Houses now being finished at rate of 240.000 p.a. New contracts to
180.000.

T.W. No fear of lack of farm workers to occupy houses for years to come.
Want to empty hostels (gang labour) into houses (individual
emplt).

A. Confirmed. Nos. living with in-laws.

A.V.A. 165.000 more in agric. now than in '39.

T.W. Many are d.p.'s & p.o.w.'s.

R.S.C. Production.
Coal: a) volume cpd. consumption.
b) propⁿ large coal doesn't cover home & export demands.
Prodⁿ Ctt^{ee} are to consider.

H.G. Bit pessimistic (memo). 300.000 t. p. wk. above '47. Some
improvement. Deep-mined may be 3m. short of target. but open-
cast will be equally beyond.
Discussed with N.U.M. No hope of $\frac{1}{2}$ hr because men won't do it.
Admit Sat^y workg. isn't producg. results. Some complacency –
tried to shatter that by speech.
Large coal: export demand v. large cpd. our own. Gap of 60.000 t. a
wk. wh. might be bridged by cuts in home consumptⁿ.
Stock-buldg. 14.58 target last year was much exceeded.
Large coal again the problem.

E.B. Can we ask U.S. to reduce their exports of unscreened coal – for this
means they ask us for nothing but large coal.

R.S.C. Am discussing this with U.K. rep^{ve} of E.C.A.

[Exit C.E.]

H.M. Managerial efficiency. Is industry applying results of research.

R.S.C. B.I. Managemt. getting going. Schuster Panel etc. Growing
consciousness amongst younger men: but diffy. of enlisting
interest of older men.
Moving everywhere: but will take time.

H.W. Re-development in Lancs. is moving now.

External Trade

R.S.C. Exports up May: shall be well above 132%.

H.W. Over 140.

R.S.C. But overtaken by rise in import prices. Excess of imports over targets
is due to price not volume.

Feb/Apr.	47.	Imports	Feb/Apr.	48
	50	fr. W. Hemisphere		34.9
	31.9	fr. sterling area		35
	18.1	other areas		27.1
		Exports.		
	16.4	Western Hemisphere		17.7
	47.5	Sterling area		49.9
	36.1	Other areas		32.4

Substantial switch-over.

Balance of Payments.

R.S.C. Para. 25. Aprl-May were good. June will be v. bad: 70-80m.
40m. in gold in last 10 days. Total half of year (vice 220
estimate) 250/60. Due almost wholly to price factor. That means

250/60 deficit not counting E.R.P. We can hope (for 2nd half of 1st half year) 75m. grant & 10/15 loan.

Thus can expect 80m. repaymt. Net deficit 170m for 1st half year: & 2nd quarter of '48 110m. minus 85. If therefore E.R.P. cont^d at same rate 25m. a quarter drain on reserves.

As we can't afford that, we shall have to adjust import p'mme.

This a provisional warning of cuts to come.

Financial Negotiations with India & Pakistan.

India wants 3 yr. agreemt. Will hold posⁿ re blocked balances at $\frac{1}{2}$ % . Realise that long time before they get it back. But fantastic demands for immed. releases. 650 m over 5 years in capital goods. 250m. release (50% in dollars) in next 3 years. Under inst^{ns}. Can't budge. Prob. therefore we shan't get agreemt. They are accumulatg. sterling in free fund – have 80m. now. Don't therefore need releases from blocked balances.

If we refuse agreemt. they may take action wh. involves extruding them fr. sterling area. That wd. be disastrous. Dollar invoicing etc.

Unrequited exports of 5-10m cd. be accepted.

Return of gold from S. Africa. 4 $\frac{1}{2}$ m. already. Due to Malan

N.B. India haven't drawn beyond agreemt.

R.S.C. Can't say yet wtr. they will keep w'in net figure.

External Trade (cont^d).

R.S.C. Reason: in world shortage, food, raw materials cost more than machinery etc. for which latter people can wait. And much machinery was ordered 2 years or more ago at lower prices, while food & raw materials are bought spot or a year at a time. And much of our exports are inessentials: & competⁿ has revived: we are forced to sell almost at cost to get the market.

A.B. Tribute to Dpts. for extent of switch-over. Shows how much we can manipulate controls.

A.W. Good harvest – effect?

R.S.C. Won't yield a surplus & won't therefore break the prices. And next year we can't eat [sic] our Argentine Rlways.

H.W. Cotton prices – trebled mainly because everyone switched fr. dollar cotton to Egyptian. Price is now falling, however.

[Exit B., G.S., and H.G.: H.W.

3. International Wheat Agreement.

- J.S. Now looks as tho' all countries will ratify.
If U.S. didn't, we could get out of it.
- R.S.C. Favour ratifying this. Price will prob. stay up, and this shd. therefore help us.
- A.V.A. Effect of Argentine being out? Will you have to pay more for margin needed?
- J.S. Hope effect will be to depress prices on free market.
Parties are obliged to buy stated quantities if price drops to minimum.
And to sell at not more than maximum.
Argentine & Russia remain free.
- R.S.C. Max price here will influence R. prices.
- J.S. Hope that good harvest will reduce wheat prices. Now 2.30.
But we are trying lower under long-term contracts. Save
Australian contract at 2.70.
- N.B. Can. Austr. N.Z. & India likely to ratify by 31/7. S. Africa as soon as
Parlt assembles. We cover Rhodesia.

Memo approved.

[Enter J.G.]

4. Civil Service: Pensions for Widows etc.

- R.S.C. As in memo. Overdue. Cost will grow up gradually, as cases arise.
Two points:
- a) Retrospection. Can't give it unlimited. Also $\frac{1}{3}$ rd of gratuity wd. have to be recovered. But recent cases wd. cause discontent. Option therefore to all in Service and all who were in Service between V.E. Day and date of introduction.
 - b) Dependants. Women can't be left out. Many support relatives. Extend therefore to single persons of either sex in respect of a nominated relative. V. small nos. involved.
- P.M. Repercussions in l. govt., educⁿ etc.
- G.T. Yes. But we shd. face them.
This is non-contributory scheme. My diffy. will be this. This scheme gives C.S. better posⁿ than teachers. We shd. need actuarial enquiry before we cd. get clear what addl. contribⁿ teachers wd. have to make. So m'while we shall have trouble – wh. we ought to face.
- A.B. Repercussions depend on extent of addl. contrib^{ns}.

- 1m. for Health Services. L. Govt. can't estimate.
 Worried more by assumption that certain classes need more than
 N.H.I. provides. Compⁿ of o.a.p.'s demanded £2 a week for each
 (£4 for couple). This Bill wd. imply N.H.I. isn't enough. Is it
 wise to launch it now?
 There is something to be said re widows.
- R.S.C. This isn't innovation. Better empls. outside provide these benefits.
 N.H. Act provides for supplementary schemes.
- H.M. Are they universal?
- R.S.C. Believe it's about 50%.
- P.M. But many are contributory.
- J.G. As N.H. covers C.S. as a whole for 1st time on 5/7, this must be tested
 as supplementary scheme. We have taken the line that an
 element of contribⁿ is essential to such a scheme.
 cf industrial injuries: miners have accepted that.
 May be poss. to agree tht. surrender of part gratuity = a
 contribution.
 Widows provⁿ in N.H. Act is quite diff. from past. We have adopted
 principle that it wd. be wrong to provide pension for able bodied
 widow. Next principle embodied in Act.
 No pension under 50 after 13 wks.
 Supplementary schemes wh. conflict with N.H.I. principles are bound
 to have repercussions on that Act.
- R.S.C. Can claim there is element of contribution (gratuity).
- J.G. Cd. you convert that into an annual contribⁿ?
- R.S.C. No: for rest of C.S. superannuation is non-contributory.
- A.B. That's only an argument of convenience.
- J. Are firms amending their suppl. schemes in light of N.H. scheme?
- S.G. None so far have asked for more than advice. They are considerg.
 changes because incidence of double contrib^{ns}. And this means
 revision downwards.
- H.M. Designed form must Superⁿ Bill – a medium Bill.
 But if teachers, Police, l. government & prs. Armed Forces are to be
 included, that will enlarge Bill. No estimate of total cost. L.A.'s
 will have to negotiate & will claim grant. We don't know where
 this may take us.
 Doubt if this is general in industry.

General acceptance by public opinion? W. Paper on Personal Incomes.
Is this consistent? Re-action fr. other clerical workers. Nor will
manned worker be content that clerical worker shd. be better off.
Publicity for N.H.I. advantages.
Is this the right moment?

P.M. This shd. be framed as a supplementary scheme to N.H.I.
This memo. doesn't indicate extent of repercussions. What of Armed
Forces.
Agree with H.M. it wd. provoke much criticism in this form.

R.S.C. We are employers here - & our duty to do this.
If we don't, we shall be behind many good employers.
Policy has always bn. to be abreast of them.

P.M. V. well: but how? Must reconcile it with principles of our social
policy.

R.S.C. Must be done under Superannuation Acts.

A.B. Can't we have repercussions exam^d? - Ty. cd. convene mtg. of offls.
of interested Dpts. to examine repercussions & consider best
political method of presenting it.
Salaries haven't risen in same propⁿ as wages. That wd. be argument
in favour.

E.B. We shd. agree the principle. Our staff shd. be taken care of. But don't
be dogmatic over method. No reason why you shdn't have
annual contributions.
From F.O. angle I believe this is essential. Crying need in all overseas
services.

G.A.I. Can't it be presented as a variation of existing benefits. And choice
between them.

A.W. Doctors' are to get this benefit. Are you to w'hold it from C. servants.
Present it as a transfer of existg. benefits, not an increase.

A. Support the principle. Hard cases.
On method & explore suggestions of E.B.

C.J. Re-examine scope of scheme. Some Col. servants in whose salary
H.M.G. contribute.

Ty. to convene mtg. to identify repercussions & consider
wthr. this scheme can be reconciled with principles of N.H.I.

[Exit J.G.]

1. Dockers Strike.

- C.E. Two mtgs. at dock gates this a.m. at wh. Leaders have said men can go to Albert Hall mtg. (10.30) or Victoria Park as they please.
 Handed in report of Emergencies Ctt^{ee} (Offl.) on state of affairs in docks. Perishables: details from report. These must be moved Wed. If strikes continues & no volunteers come fwd., 300 troops + 150 lorries (ready) will have to be used. If it goes on, more diffy. Nos. of ships immobilised. Losing 170.000 \$ a day in shopping costs & exports delayed.
 No. of troops requ^d if all work at docks has bn. taken on (p.2)
 Only 40 trained stevedores available from Services. They wd. have to instruct others.
 If strike extends to meat markets, another 5.000 men wd. be required and 3.000 vehicles. Services cd. deploy in 10/14 days.
- x/ If strike doesn't end to day, we must move perishables at once & instruct Services to begin deployment of other men & vehicles.
- N.E. We have bn. in touch with Deakin, who hopes for right result from Albert Hall Mtg. Didn't think he cd. get it from a mtg. in Vict. Park. He won't try to get volunteers.
 Confined to Ldn., in spite of efforts to extend. Has spread to cold storage (labourers).
 Cause. Breach of discipline 3 times: went to Joint Inspⁿ Ctt^{ees} who app^d 3/4 a ton (v. demand for 5/=). Men refused to attend Dock Labour Ctt^{ee}. Disciplinary Ctt^{ee} suspended them 2 wks. & cut them off from guar. week & benefits for 13 wks. Went to Appeal Ctt^{ee} & there was disagreemt. Ques. whr. both acts of penalties shd. have bn. involved. Special tribunal then appt^d & reduced period of both penalties to 2 wks: but in which men had come out on strike.
 E.B.'s view: penal machinery more harshly applied in Ldn. than elsewhere. But no case for strike.
 Some shop-stewards (Tooley Sp.) have advised men to go back on Wed.
 Men are seekg. way of returng. w'out loss of face. Cd. we say H.M.G. will lend good offices if asked in examing. penal machinery – if mtg. goes well.
- P.M. Can't yield to threat. We & T.U. wd. lose control.
 Must therefore act at x/ if strike goes on.
- A. Weak leadership by T.U.
- N.E. Feared Comm. wd. defeat offl. Union & start break-away Union.
 Shd. assist T. & G.W. Union to re-assert their control.

- A.B. Shdn't we take offense when men have returned – T.U. shd. take ballot on continuance of decasualisation. They can't have it both ways. Make that clear: to educate the men.
We must give no sign of weakness.
- N.E. Wd. like to have E.B.'s view on this.
- J.S. Perishables. Scandal if it went bad. Put troops in to-morrow.
Delay of remainder is more serious. And big commitment.
15.000 on food alone. Services shd. begin to deploy.
- N.E. Full & detailed statement this p.m. Will submit in draft to P.M.
- P.M. Unfortunate that. G.A.I. & G.I. are away simultaneously.
- B. No "offers" shd. be made in statement.
- N.E. Offer merely to aid in re-examⁿ of machinery if asked.
- A.V.A. Machinery is O.K.: use of it is what may have bn. wrong.
Redⁿ of award shows it.
- J. Useful to have p. mortem after strikes?
Might point lessons. [Exit A.W.]
- N.E. Will consult G.A.I. on that.

Agreed as at x/.

[Exit B. and N.E.]

2. U.K. Grain Supplies.

Bread Rationing.

- J.S. Wd. add
a) Reflects no increase in wheat supplies: recognition of existing situation. All planning based on 103.000 t. p. wk. off-take: now approaching that.
Want therefore to remove ineffective l.u. system & replace it by system of allocation to millers. This shd. be made clear to public opinion here & abroad. Allocⁿ will be based on use in pre l.u. period. Harvest prospects in W. Europe so good that no unfavourable reaction is likely from there.
b) substitution.
- P.M. Later.
- J.S. Announcement 1/7.

R.S.C. Diff. situation. About early July shall have to re-adjust import p'mme. We have bn. letting up eg. on petrol, clothing etc., - & given impression tht. things are getting easier. People abroad will assume this is a relaxation. If soon after we have to make cuts eg. in tobacco there will be misunderstandg. Wd. prefer therefore tht. this shd. be done at same time as any new cuts. Do it all at once, as part of a coherent plan.
Import p'mme must be considered early July.

A.V.A. What staff is engaged on l.u. system?

N.B. Supported R.S.C. Canada will be awkward.

A.B. Can't consider independently of E.R.P. Refer timing to E.P.C.

R.S.C. No objⁿ in principle so long as allocation system controls bulk consumption.

Agreed {Accept principle of abolishing rationing
{ Refer timing to E.P.C.

R.S.C. Must we take oatmeal etc. off points?

H.W. O.K. if other changes are made simultaneously.

J.S. Wd. be a discrimination re. Scotland.

N.B. Advise U.S., Canada & Australia in advance.

Farmers Wheat.

J.S. Want to be sure I don't have to buy more foreign wheat. Cd. get it: don't want to pay for it. We have surplus of maize. Next year we mayn't have enough. Thus, we want temp^y increase in animal feed distⁿ w'out commitment for the future.

See arguments con. It's a ques. of balance.

My plan wd. cost £2½ m. more: & you can't give it to farmers or animals of our choice. But diff. to defend feeding wheat to animals.

Think we cd. get thro'. Mght. mean buying some f. wheat.

R.S.C. I wd. rather leave wheat with farmers and risk having to buy more wheat.

No arguments to farmers because it's not essential to do it.

P.M. Balance of argument is in favour of M/Ag.

A.V.A. We must aim at higher stocks than M/Ag. assumes – 13/14 wks vice 9.

H.W. Expect we may buy more. Figure won't be so low as in M/Ag. paper.

Agreed: Allow farmers to retain the 20%

- T.W. Want also to broaden basis of scheme, wh. is based on nos. m'tained in 1939. Want to encourage new-comers.
150.000 t. for this purpose wd. satisfy H/C. – out of 600.000 surplus.
Wd. make us safe to Apl. 1950: with reasonable basis for purchase.
- P.M. Will you be able to feed the additional nos. thus provoked?
- T.W. Only 150.000 of excess 600.000. Seems safe to Apl. '50.
Only risk is too much breeding.
- H.D. Bound up with import p'mme.
- R.S.C. T.W. assumes we buy normal quantities. No means to buy from Argentine anything. Must assume no coarse grains fr. Argentine next year.
- T.W. Hope for 1½m. tons fr. Russia.
- H.W. E. Europe grains sitⁿ is now such tht. we can expect to get somethg. from there. Even assumg. nothg. from Argentine we ought to get thro'. If we are 100 pessimistic, no breeding can start. Can never expand if we are over cautious. Look at our excess stocks now – which are embarrassing in any disc^{ns} with U.S.
- T.W. Diff^{ies} too with storage.
- J.S. And risk of deterioration.
- R.S.C. We bought 2¼ m tons this year. 50% came fr. Argentine and we can't get that again.
- T.W. I can take that risk.
- A. And m'while we shall be making bacon & eggs.

[Enter C.J.]

Agreed: Use 150.000 tons to broaden basis.
No objⁿ to early announcement.

3. British Nationality Bill.

- A. In spite of consult^{ns} cdn't remove objⁿ of Opposⁿ leaders to
- i. Citizenship of U.K. and Colonies. Prompted by white settlers, they fear this may make black man uppish.
They therefore carried "B. subject of U.K. & Colonies" &

which is inconsistent with scheme agreed with Doms. for each member of group to have own citizenship.

- ii. Eire provisions. Liberty of resident in Eire to opt for retaining B. nat^y. Salisbury said people wdn't know & wd. fail to exercise the option. But Cl. 3. enables him, tho' he didn't opt, to have all the advantages.

They have been moved in 'B. subject' in place of 'citizen' throughout.

P.M. They will disrupt the Commonwealth. We must rub that in.

J. Irresponsible.

C.E. Discussed with Dom. P.M.'s. Devised means of meeting Comm. obj^{ns} to 'British subjects' & the Opposⁿ have turned it upside down.

N.B. Doubt if Tories in H/C. will fight this.

1. Dockers Strike.

[Enter W.W., N.Edw., J.S.]

N.E. All back at Tooley St.
Deakin fighting at other docks.
Stevedores sectⁿ have made their strike official. P.M. refused to meet them. They are going to H/C to-day.
We shdn't weaken. Strong line shd. turn balance & get them back by end/week.

P.M. Depⁿ to me included strikers & wanted to ask for penalties to be revoked. That's why I refused.
Must stand firm.
Troops are moving perishables.

A.V.A. Plans to move others in. V. diff. if it spreads to other ports.

C.E. No change – no sign of any return. Other details from Police rpt.
Police think a strong lead from Union wd. bring the men back.
Only minor officials are going to dock-gate mtgs.

A.B. Deplore attitude of T.G.W. Union leaders.

P.M. Deakin shd. be stiffened.

[Exit N.E., J.S.]

2. Germany.

H.McN. No more than appeared in Times. Expect full report by noon.
May be tactical reply to currency reform or first move in offensive v. us.
We had quadrip. talks on currency: & our attitude was reasonable. But R. wdn't come to any accommⁿ. Not clear what measures we shall take to restrict inflow of Soviet currency. Expect full report to-day.
Coal, oil & food supplied by us to Berlin. R. can't m'tain Berlin w'out our coal. Will be propaganda battle to prove who is responsible for famine etc. wh. is likely to follow.

H.D. They can get Silesian coal.

McN. Comm^d to Soviet supply.

A.B. But cd. spare enough for Berlin.

P.M. You shd. get in touch with E. B. on this.

M.cN. Generatg. plant in U.S. sector will keep emergency supply going for
 W. sectors.

R.S.C. Only if he can get the coal – mainly by rail.

A.B. Prestige battle. Must be sure what we are going to stand on.

P.M. Robertson shd. be called back.

McN. After we have had his report.

P.M. Yes.

3. Parliament.

H.M. Will Ministers avoid non-committal on report stage?
 Business for next week.
 Statement re short session

 – agreed. Simultaneously in H/L.

[Exit T.W.]

R.S.C. Will prob. be ques. re debate on E.R.P.
 Must be on a Motion –

 agreed.

When will debate come? Reply: trying to get Agreement settled but
 must be chance for debate. May not be able to complete by 3/7 –

 agreed.

A.B. Demand for debate on housing?

W.W. No indication yet.

A. Trouble this p.m. on Nat^l Bill. They will debate Irish clause.
 Next week C.J. Bill shd. be finished.

[Exit W.W.]

4. India & Pakistan: Sterling Balances.

R.S.C. Said at E.P.C. we cd. go to £40 but no further. But find that last year
 they had 80. Cdn't cut them so low. They have sugg^d 3 yr.
 agreem^t. no releases to June '49 & 20m. each ¹/₂ year thereafter =
 80m. over 3 years. Wd. add a clause tht. wd. link it with amount
 in current a/c. That wd. do. And vital to avoid their going out of
 sterling area.

Hard currency: no genl. release. Will consider quick ??? propos^{ns} up to £10/15m.

Capital goods: 1947 rate for next 3 years = £35/40 p.a. for India.

All above figures for India. Proportion for Pakistan.

H.D. Their inst^{ns} have bn. modified.

Approved.

5. E.R.P. Bilateral Agreement.

- P.M. Explained discussions at E.P.C.
Risk that other countries may accept - & leave us high & dry.
Then read from T.L.R.'s brief. Points of principle outstanding.
Negotiations procdg. But posⁿ diff. because other countries won't press these points.
- R.S.C. Position is v. grave. Read D. Frank's message. Telegram.
Italians have draft & will publish Fri or Sat. Norway on Monday.
Telephone: France ready to sign & has said in W'ton that U.K. alone are standing out.
Net result: as from now we are isolated. What are we to do? Must discuss at E.P.C. this p.m.
- A.B. Will U.S. not realise consequences of treatg. U.K. in same terms as defeated Italy & non-belligerent France.
- R.S.C. Speed. And a Minister shd. go to W'ton before this has to be justified to H/C. We must think v. carefully before we present this to H/C. Tho' alternative, as shown by memo, is disastrous.
- P.M. Must find E.B. Thro' R.A.F. or R.N.
- R.S.C. E.B. is opposed to idea of Minister going to W'ton?
- H.McN. Yes: he thought we shd. exhaust all other steps eg. w'drawing Amb. for consultⁿ or personal rep^{ns} to Marshall via Douglas.
- P.M. Therefore he must be consulted.
- H.M. Must be related to Parly. time-table.
- R.S.C. If he is to go, it prob. must be to-morrow. i.e. before other countries publish the draft.
- A.B. U.K./U.S. are drifting into situation which high level people in W'ton don't realise. Opinion in U.K. will be exacerbated because we shall have to defend our rejection of Agreemt. on basis which

must be offensive to U.S. At a time when
Soviet/French/U.S./U.K. relations are worse than ever.
Then to disrupt the W. front against R.

R.S.C. U.K. opinion, when cuts begin, will forget why we rejected M. Aid.
Draft agreement has never got above Lovett.
[Exit H.McN.]

H.W. Shdn't P.M. send for Douglas at once – to warn him of serious view
we take.

R.S.C. Proposed visit to Paris. Fr. p'poned because looked more hopeful &
idea was a mtg. of Council of O.E.C.C. on Monday.
M'while, however, other countries have run out: & prs. France
too.

P.M. R.S.C. and I will see Douglas before lunch to-day.

Agreed {E.P.C. to settle immediate tactics.
{Cab. must take final decision.

R.S.C. Shd. we inform Opposⁿ? Before we take a decision to reject.

A.V.A. Doubt it – 1931 precedent. Will be squeezed. They may contact U.S.
& run out.

P.M. Diff.: but must consider it.

R.S.C. Might be v. helpful to be able to say in W'ton tht. this view was shared
by all Parties in U.K.
[Enter J.G., H.G., G.B.]

6. Supplementary Benefits for Miners.

H.G. Recommend – w'out enthusiasm. Wd. have liked a larger contⁿ by
men. N.C.B. had, however, gt. diffy in getting agreemt. to this.
Even Bd. were themselves divided on it.
Can't afford to reject. Wd. involve major dispute with men & also
with N.C.B.

J.G. Fairly good scheme, on benefits.
On cont^{ns}, had hoped more by another method e.g. 1^d per £1 of wages.
But N.U.M. wdn't ask men to go beyond contⁿ under main
scheme. 1^d per £1 wd. have given about 7^d.

R.S.C. Repercussions.
If we act as censors of scheme we accept respons. for repercus^{ns}
We must take line therefore that it is Bd's scheme – like that of
any other industry.

- A.B. This = syndicalism. N.C.B. can pass cost to consumer: want peace with men = irresponsible.
Can't reject this. But disagree with R.S.C.
Must take positive attitude & justify this on basis that mining is special case because high incidence of accidents.
Dared leave discretion to other Boards – who cd. make an extravagant scheme for 4^d.
- H.M. Dilemma.
a) N.C.B. shdn't have had free discretion.
b) If we take public respons. we have to fight r. all repercussions.
Agree with A.B. on risks of syndicalism. N.C.B. have no suff. sense of financial responsibility. May discredit socialisation. They long to give way to the men.
Repercussions wd. be awkward & v. costly.
Believe coal industry is in habit of acceptg. accident rate.
More cd. be done.
- H.G. My responsibility. And fatal accident rate has bn. falling for 5 yrs. (apart from explosions at Whitehaven) & a gt. deal is being done.
- P.M. Must take the line that this = exceptional industry.
- R.S.C. Control over Bds. can't be on ad hoc schemes.
Trouble with N.C.B. = no control over prices. There is over eg. transport changes, thro' Ratio Tribunal.
- A.V.A. If these rates are accepted for a socialised industry, you can't resist them for war pensioners.
- G.B. This is v. socialist policy. E.g. widows will be in 4 classes.
Bound to have repercussions on war pensioners.
Told B. Legion on takg. office I wdn't advocate genl. increases.

Discussion adjourned.

1. E.R.P. Bilateral Agreement.

to defer large-scale op^{ns} by troops until Mon.
Long-term. Deakin suggests we shd. talk to T.U.C. re policy on
unoffl. strikes. View among men that helping Govt. in
unoff. strikes = black-legging. Statement by Labour Govt. on
ethics of striking etc., wd. do much good. Need for a lead to
rank & file. Cd. Emergencies Ctt^{ee} study this? Agreed.

P.M. Read draft answer to P. Notice Ques.
After discⁿ: agreed say “nothing to add” to y’day’s statement.
Avoid attributing strike to Comm. “Unoffl. elements are always
exploited by Comms.” [Exit B., N. Ed., J.S.]

3. Germany: Situation in Berlin.

E.B. Read text of statement to be made in H/C.
Mol.’s statement. My deductⁿ: R. are afraid to venture too far.
They have played to East & to Germans. To Eastern Slav States
they have talked of rep^{ns}, Potsdam etc. To Germany, centralised
G., w’drawal of troops etc. It is propaganda statement.

R.S.C. Will put Fr. Communists in a real jam.

E.B. Don’t expect danger in Berlin. My feeling: Potsdam we undertook
to feed Berlin. R. may do it when our stocks are out. But we
can go on feeding our troops & keep them there. They daren’t
use force v. us. We cd. supply our troops by air.

[Resumed after 30 minutes interval.]

[Enter Brownjohn, Strang
& P. Dean.]

Brownjohn. Situation serious.
Food stocks 27 days.
Electricity: only 50% can be supplied fr. western stations.
People are calm: & will resist R. orders if we support them.
Robertson shd. make it clear to Sokolovski tht. he is to blame.
R. won’t yield: will go to any length, short of war, to get us out of
Berlin.
Can m’tain our own garrison by air. Might hamper it by balloon
barrage: but that wd. be act of war.

H.M. Cd. you force supplies thro’?

Br. No. Can’t shoot yr. way thro’ by train. Might by road: but
not practicable.

E.B. Cd. feed our troops: and have R. to feed civil populⁿ.
R. cd. do that?

Br. Yes: if they wished. Doubtful if they would. Not imposs. only 10% of Sov. Zone.

J. Cd. we allow that popⁿ to starve? Cd. we feed by air: cd. we evacuate any by air?

Br. No impⁿ on 2 m. by air evacuation. Cd. remove prominent G. who have stood up to R.

A. Do we send any essential supplies to R. Zone?

Br. Not essential. Convenient. Now stopped. R. owes us v. large no. wagons – 8/10,000.

J. U.S. attitude? Br. Clay has comm^d himself violently to remaining in Berlin.

P.M. Any danger of clash between R. and U.S.

Br. We are always nervous of it.

N.B. Re-inforcing Berlin?

A.V.A. W^d add to feeding commitment and if we have to fight it won't be in Berlin.

H.M. Why don't we close R. b'casting station in Berlin?

Br. If we did, they wd. cut our cable commⁿ to Ldn.
E.B. & A.V.A. to concert arrangements for expert appreciation (with Fr. and U.S.): on military & political levels.

1. E.R.P. Allocations Procedure. [Enter B., J.S., N. Ed., W.W.]
- R.S.C. U.S. strong reaction v. our suggⁿ tht. O.E.C.C. shdn't do alloc^{ns}.
Pressg. us to take line we wd. try it out & see how we go.
To avoid head-on collision with E.C.A.
Don't turn it down at Paris. But don't be comm^d to it finally.
- E.B. Agreed.
Agreed.
Wd not oppose O.E.C.C. allocatg. tho' think wd.
give rise to gt. diff^{ies} wh. must be explored.
2. Dock Strike. [Enter Att. Genl.]
- Situation.
- P.M. Sitⁿ worse. Spread to Lpl. & B'head.
- N.E. So'ton & Glasgow may come out.
- C.E. 20 food ships at Lpl: 10 workg: others contain perishables.
- P.M. Send in troops to unload perishables at Lpl. [Not yet Agreed.]
- A.V.A. Stevedores & crane drivers (troops) concentrated in Ldn. Area.
Some troops available in Lpl. area. Can't say wtr. wd. be
enough, until M/F. have notified requiremts.
Steps in hand to ascertain what troops available for So'ton.
Accommⁿ is trouble. C^d we requisition Olympic camps at
Richmond & Uxbridge. Wanted by Br. on 27/7.
- N.B. Other teams wd. require it earlier.
- E.B. Albert Hall, Olympia or Earls Court.
- J.S. If no cargoes moved anywhere –
Meat ½ canned this week: & next week 8^d canned.
Bread shortage in 14 days.
Sugar diff^{ies} in 7/14 days.
Bacon, cheese & butter also 14 days.
Troops beginning to move meat & wheat this a.m.
- N.Ed. Deakin says docks/cold storage movemt. won't provoke strike at
Smithfield. But will come out at Smithfield if troops move meat
there direct.
- J.S. Now moving to rail. In 2 days' time will have to move to Ldn.
- E.B. Diff. situation. Good organisation at bottom of this.

- Deakin's Executive & Natl. Dock group mtg. to-morrow.
D. met no. unofficial strikers: one volunteered their next move wd. be to demand 25/= a day. Started with vehicle builders: attempt made to involve engineering trades when that claim defeated – that failed: D. satisfied the 11 men were occasion not cause of strike. Union believe these men want to get rid of scheme & be free to strike at will – chaos as instrument of threat.
State must protect itself v. this.
- H.M. M^{rs} Braddock tried to get P.M. on Sat^y – then asked me to telephone to her in Lpl. Decided it wasn't wise for me to speak to her.
N. Ed. thought same.
- N.Ed. C.P. 168. Advantages – as in memo.
Nat. Dock Labour Bd. take view that they cdn't assent to emplt. of non-docker labour: for T.U. element on Bd. wdn't agree to it.
Means – emergency powers or specl. legⁿ. Genl. action might put other posts v. us. Legⁿ cd. confine it to Ldn.
- R.S.C. If limited to Ldn, wd. be a hybrid Bill?
- E.B. Why limit powers to docks. May spread to other services.
Take general powers: use them to extent required.
- A.B. Time has come for P.M. to b'cast. Think of constructive suggⁿ.
Govt. havg. called in troops, is involved anyway. Put prestige of this Govt. behind it.
- P.M. Before takg. powers must know how you will use them.
In suspendg. Dock scheme, we may be doing what men behind strike want.
- E.B. Dangerous to suspend scheme. Only point to get over is emplt. outside scheme. Under emerg. powers you cd. amend that w'out suspendg. scheme as a whole.
- N.Ed. Susp. of scheme wd. = retaing. penalties under scheme & applying them to all on strike.
- A.B. First step = declare need to m'tain supplies: Dock scheme is being brought into jeopardy by unoffl. element in Ldn.
Warn them first.
Go further. Say let men return to work & there will be immed. enquiry into Dock scheme.
- E.B. No. Can't offer genl. enquiry every time you get unoffl. strike.
5.000 piece rates in Ldn., all covered by scheme. Enquiry wd. never end.
- P.M. Have promised already penalty prov^{ns} can be subject of review.

- Don't want to encourage genl. enquiry.
Statement in H/C. comes first. Can say we intend to declare state of emergency. But must be ready to say what use we shall make of powers. i) suspend Dock scheme ii) empower employers to engage volunteers. Must look ahead to consequences of such actions.
- E.B. Cd. defend strong action. Challenge – cold war – no serious grievance – Aske's award – penalty prov^{ns} can be exam^d etc. W^d prefer therefore to take genl. powers. Indicate one of purposes of strikers leaders is to get rid of scheme.
- A.V.A. 1920 Act not used since 1926.
- A.B. Dangerous to suggest Comms. are wholly responsible. Must however put argument in mouths of our friends. Mustn't lose prestige battle.
- E.B. i) Can't have food & exports held up.
ii) Only one clause in scheme precludes engagemt. of volunteers. Take power therefore to modify that only, in emergency.
- N.Ed. Prospect of volunteers. Non-dock labour tht. cd. be found wd. be negligible. But tactical advantage in freeing employers to find it if they can.
- P.M. Then Govt. will have to call for volunteers.
- A.B. Need for positive statement. Union has lost auth^y. Because men feel they have grievance. Can we remove that? Yes: by promisg. enquiry.
- P.M. Have said that already. They are demandg. suspension of penalties imposed: & also para. 16(2).
- A.B. Let P.M. underline in b'cast what has bn. said about review.
- E.B. Presentation is easy. Ques. for Cab. is wtr. they will take emergency powers, and how will they use them. Unfair to suggest Union hasn't done its job. Our aim has bn. to get element of discipline in industry. Union has tried to help with that. Don't let them down.
- P.M. Must be debate in H/C. W'in 5/7 days of action.
- Att. Genl. Specl. legⁿ wdn't give you enough elbow room.
- N.Ed. Let us w'draw Ldn. from scheme – because workers & employers want it.

E.B. Disastrous to give way like that.

R.S.C. Many men are at work under scheme. All you want to do is to modify it so that others may be engaged.

A.B. Declⁿ of emergency & b'cast will be enough.

P.M. Shall be asked at once what Rgs. we shall make. Do I reply: modify scheme to allow non-reg^d labour to be engaged.

(Yes)

H.M. Other Rgs. as requ^d.

P.M. Where will the labour be obt^d.

E.B. If employers can't find it, we must make a call on the community.
Threats to be averted to i) food ii) exports iii) empl. generally.
Take it to-day.

N.Ed. All this will do = free employers to engage non-reg^d. The first to go in will cause those working to come out. Thurs. posⁿ will be worse than now.
I wd. prefer therefore to suspend scheme to-day, in Ldn.

T.W. Then what paymts. will be made to those at work.

A.B. Suspension of scheme won't give you ordinary dock labour.
.....

P.M. Use of troops. All training wd. have to be suspended.

A.V.A. In that event, we wd. need civil lorries & drivers.

H.D. Don't like general appeal – wd. bring in Fascist elements.

G.T. Don't like war against strikers. W^d prefer to find a way in wh. Govt. (w'out giving way to threats) wd. give men a chance to climb down. P.M. has said already in H/C. enough for this. But spoiled if it has bn. done thro' an individual not au fait with posⁿ. W^d prefer someone to put our views to men who won't attend mtgs. Approach from Govt. to unoffl. strikers.
Genl. agreemt. this wdn't do.

A.B. Agree to methods sugg^d except call for civil volunteers.
Turn Labour Party prop. machine v. strikers.

E.B. Don't need Emergency Powers if you rely on troops alone.

J. You wd. need the Powers to requisition lorries.

P.M. We cd. say we don't intend to use them for civil labour.
Or "bldgs, equipment & transport"

Att.Genl. And to put use of troops on firm legal basis.
And to give powers to deal with developing situation.

H.M. Cd. use of Powers be limited geographically?

Att.Genl. Yes.
Agreed: Declare Emergency to-day.

Broadcast.
To-night at 9.p.m.

H.M. Or to-morrow? To give more time.

P.M. - not E.B. Agreed.
To-night or to-morrow? Agreed Monday night at 9.p.m.
Repeat at 7.a.m. & 8.a.m. to-morrow (Tues).
Refer^{ce} to Comm. influence. "Wtr. designedly or not, the effect of
this is to play Comm. game." Grievance exploited
.....
[Exit Att. Genl., B., W.W., N. Ed., J.S.]

3. E.R.P. Bilateral Agreement.

R.S.C. Tel. 3144. Clears (para. 1) the Agreemt.
Will make statement to-morrow. Am circulatg. draft to Ministers
concerned. Shd. then be a mtg. Tues. a.m.

E.B. Will Cab. approve?

H.M. Deleted "by F.O." in ref^{ce} to Foreword.

P.M. Cab. approved Agreement. Commⁿ to R.S.C. & Staffs.
P.13. slip: shd. refer to first para.

4. Germany.

E.B. Current sitⁿ.
Studying démarche to R. Govt.
Ruhr: we never agreed at Potsdam to 4 Power control of Ruhr.
Will bring out in debate all the historical developmts.

H.D. Warsaw communiqué?

E.B. Not much in it. Will circulate F.O. appreciation on it.

A.V.A. C.O.S. mtg. this a.m.
 a) Must be taken up at once on Combined C.O.S.
 b) Supply. Air lift 75 t. p.d. now: in 48 hours 400 tons p.d.
 by 3/7 cd. reach 750 t. p.d. but only by suspendg. all other
 transport work of R.A.F. cd. sustain only for one month.
 P.A.D.'s inst^d to maximise de-hydrated supplies.
 F.O. think 2.000 essential Germans must be fed first.
 Fighter pressure: or balloon barrages: may obstruct air transport.
 A.O.C. in C. anxious on both counts. Mil-Govr. has told him to
 accept fighter risk: & to shoot down balloons. Do Cab. approve?
 C.O.S. recommend that they shd.

H.D. By fighter?

A.V.A. Yes.

H.D. Do you contemplate puttg. our fighters up before theirs come out?
 Shooting of balloons app^d.
 U.S. lift 1.000 t. p.d.
 Total = 1/15th of total requiremts. of civil popⁿ.

c) Bombers. 10. U.S. B 29 due in 10 days.
 Reinforcemt. ques. is being put thro' C.C.O.S.
 R.A.F. cd. provide 80.
 In addⁿ sugg^d 2 squadrons might go to Cyprus. And announce that.

P.M. Doubtful about Cyprus. That shd. come to Def. Ctt^{ee}.
 Want U.S. lift to be increased 3 times.

E.B. Channel: { Ctt^{ee} here of Massigli, Douglas & me.
 { Mil. Govrs. in Germany.
 { C.C.O.S. in U.S.A.

2. Dock Strike (cont^d).

A.V.A. V. large nos. of troops wd. be available if all training suspended.
 Now confirmed by D.S.D. B'neck will then be skilled men
 & in particular crane-drivers.

H.M. Must be as big an effort as possible.

A.V.A. Will consult Serv. Ministers.

1. Dock Strike.

- N.Ed. Surrey D: 2.500 decided to go back Wed. Gt. majority.
W. India: 172 resumed this a.m.
Tooley St: All demands met – more workg.
R Docks: Men turned up but adjourned to mtg. } Vic. Park.
Tilbury: } At request Ctt^{ee}.
Lpl. & B'head: posⁿ confused. Some resumptn.
So'ton & Glasgow: normal.
18.470 striking. 6.650 workg. this a.m.
Ldn. Docks declared black by Strike Ctt^{ee}.
Vic. Park. 5.000. Big majority decided go back Wed. on
recommⁿ of Ctt^{ee}.
- E.B. They will go back.
- N.Ed. Due to Govt. action & p.m's b'cast.
No troops to work Wed. until we see wtr. the men go back.
- P.M. Royal Message will be introduced this p.m.
Must go fwd. with Regs.
- E.B. Employers weren't ready (Tooley St.) to demand work this a.m.
They weren't tipped off, tht. P.M. was b'casting.
- N.Ed. We told Dock Labour Corpⁿ.
- E.B. Then they aren't good enough. Will discuss with M/L. and M/T.
There must be somethg. wrong here. Agreed.
Management must be at fault.
- P.M. I have a report from a firm which supports that view.
- E.B. Lpl. and Ldn. are mainly at fault.
- J. Post mortem into strikes?
- E.B. Too legalistic. Informal talk with Unions & managemt. is better.
No formal report. Continuing interest is what's required.
- A.B. Find out why some ports (e.g. S. Wales) are unaffected.
Cd. Union tell us distⁿ of disaffected elements? To forestall
Comm. efforts to supplement & fill their gaps.
- H.W. Lpl. = hotbed, not only in Docks. Need to overhaul M. Docks &
Harbour Bd.
- A.B. Ominous tht. it was Strike Ctt^{ee} tht. advised the men to return to work.

A.V.A. But 100% inconsistent with lead in D. Worker this a.m.

C.E. Emerg. Ctt^{ce} met Mon. p.m. & went thro' draft Regs. wh. had bn. held in readiness. Recommend attached code be made by Council this p.m. Decided to err on side of giving full cover – to avoid adding later.

P.M. Negative impⁿ. Because positive powers under 51, 53 and 58 A of D. Regs. already in force.
I gave impⁿ in H/C. tht. we wanted Rgs. to do things.

Att.G. First gives positive powers. Remainder are negative. Because we don't want overlapping powers.

P.M. W^d it be said we were straining D.R. powers?

Att.G. No. Purposes extended in Supplies & Services Act.

E.B. Don't want to use Control/Engagemt. Order for this purpose.

Att.G. Can't do that under 1920 Act because it prohibits indl. conscriptⁿ.

E.B. Then P.M. must not say we already have powers to direct labour.

A.B. Indeed, better say we wdn't use those powers for this purpose. Need we promulgate any Reg^s.

C.E. Must be laid if they are made. Laid "forthwith".

E.B. Don't make the Regs. if the men go back.

P.M. Cd. say to-day tht. draft Regs. are in readiness & }
if still found necessary to make them they } Agreed.
will be made to-morrow. }

W.W. Debate: Opposⁿ was pressing for it Wed.

P.M. Try to put them off.

Considered draft Regs. – if required.
[Exit J.S., B., Kent, N.Ed., Att. Genl.]

2. Yugoslavia.

Report by E.B. Not surprised (!).

1. Germany.

E.B. Mtgs. with U.S. & Fr. y'day. Ctt^{ee} est^d here. Going into supply ques. to-day on that body.
Draft note to R. subm^d by U.S. Will have to go to Ministerial Ctt^{ee}.
Form seems to expose us as did Bedell Smith's note. W^d raise whole G. issue. Draft subm^d also to French.
Mtg. with Ministers President in F'furt to-day.
U.S. want v. lengthy note for benefit of their public opinion. I prefer shorter note: may have to have separate approaches.
Moreover doubt if we shd. by-pass our local people: may be better to insist it goes back to Berlin Council & failing agreemt. to C.F.M.
M-King's statement promising concentrated foods. Believe we may reach total air lift of 3.500 t. p. diem – as cpd. with 5.000 before.
One train went thro' y'day. May be better not to raise it at once to Govt. level. Anyhow, better to wait until air lift is at maximum.
No foundation for Press statement re balloons. M^cNeil stressed in debate responsibility of Press in critical times. Am enquiring into source – Reuters?
Situation likely to ease off. Advantages therefore of delaying note for a day or so.

2. Palestine.

E.B. Haven't seen Bernadolte's proposals – comm^d only to J & A = but believe this is takg. shape.
But serious trouble among Jews. There may be serious civil war betwn. Hagana/Stern & Irgun before State is established.
Told Dow to keep in touch with Tel-a-Viv; & inform us.

3. Yugoslavia.

E.B. Looks as tho' there will be recantⁿ or a stand-up on claim for Balkan fedⁿ (Dimitrov & Tito). In spite of quarrels among themselves, won't ease our problem in Greece. R. wants to control Greece in order to get behind Turkey: they won't accept offer (still standg) to discuss Montreux Convention. Failed up to now in Greece. Tito always thought they wd: & preferred to try by splitting off Macedonia. He and Dimitrov have preferred Balkan Fedⁿ to get an outlet to south.

4. Parliament.

Business for next week.

H/Lords Business.

J. B. Nat^y Bill. Must be no weakening in H/C.

P.M. N.B. shd. be in H/C.

N.B. Asked if we wd. issue W. Paper to show how H/L. were wrong.

H.M. Speech wd. suffice.

E.R.P. Agreemt. is to be signed Tues. night. Debate in H/L. now arranged for Tuesday p.m.

Exit A.

Enter J.G., H.G., G.B.

5. Supplementary Injuries Scheme for Miners.

G.B. As in memo. Not genuinely contributory.

Extreme diff^y = £2 a week for life for widow of 30 – as cpd. with principle of other schemes that a young widow shd. seek own livelihood.

Have tried from outset to resist general increase in war pensions.

But can't hold it if these benefits are vouchsafed to miners.

J.G. "Miners will only bear 1/8th of cost." Not as bad as that. In fact 1/6th, if 4^d a ton is paid on saleable coal.

Admit the disparities re widows. They were there before – for war widows already had pension for life. And children of war pensioners get allowances in duplicⁿ – 2nd child gets 16/= a wk. Larger families will be better off.

All comparisons here are with rates for privates. Flat rate in other schemes. Shdn't suppress, in comparisons, higher rates for n.c.o.'s & officers.

N.H.I. adopts new principle of encouraging young widow to replace herself in life. But war widow isn't required now to do that. Nor is widow now under W. Comp. Act.

P.M. War widows disappear by efflux of time. This is permanent.

H.M. M/P. memo = powerful. We are up against it. Diff^{ties} of Govt. over cash payments. Don't see what answer M/P. can give – esp. as the war pensioners were conscripted.

If we concede w. pensions increase, there will be repercussions on ordinary N.H.I.

Might resist repercussions if miners cont^d 50%.

D.J. R.S.C. thinks respons. shd. rest with N.C.B.

V. diff. if we accept respons. & then alter w. pensions in consequence.

Anomalies betwn. miner & war pensioner cd. be used against anomalies betwn. w. pensioner & ordinary industrial pensioner.

- T.W. Conscriptⁿ. Miners were equally forced to stay in miners.
- H.G. Can't ignore the past. All the anomalies mentioned by M/P. arise as soon as you have any supplementary scheme at all.
Benefits must be better if it's a supplementary scheme.
Miner's widows ratio. S.I.M. have never objected to that.
Discⁿ has always turned on contⁿ. And at last Cab. we decided not to insist on 50% & so informed N.C.B.
Potteries: 4^d a wk. fr. each side wd. prob. give you these benefits.
Can't get them in mines w'out much higher contⁿ from employers.
My respons., can be argued, is limited to seeing justice done as betwn. diff. classes of miners.
If I refuse, they will come to No. 10. Will you then give way?
Nat^d ind^{ies}: are we going to take responsibility or not?
Diff^y of 'guiding' Boards in background.
- E.B. Employers' contⁿ of 1/8th as against 4^d is a bit too much.
- A.B. As against civilian widow you cd. hold posⁿ on basis of mining being a special case: But not as against war pensions.
- E.B. Risk in mining (if self-cont^d fund) justifies departing from 50/50 basis.
But not so far as 1/8th and 4.
- P.M. Why shd. the benefits be so high?
- H.G. We didn't negotiate the terms.
- E.B. But you cd. have influenced them.
- A.B. Don't dodge implications of own dec^{ns}. Miners wd. know if we influenced N.C.B. We have ignored the financial irresponsibility of Boards.
The principle of m'taing. young widow for life was first introduced in war pensions.
Believe we cd. get it across miners that we can't defend diff^{ce} between miner's widow and war widow.
- H.D. Last time we were inclined to accept. Now to reject.
Don't like some features. May be right to re-open ques. with miners.
But be careful. Govt. policy = make mining attractive. If contributory element were sounder we cd. stand for this genl. run of benefits.

- T.W. Was as good as settled last time.
N.U.M. are under impⁿ this scheme is nearly thro', & have announced it.
- H.G. It is agreed betwn. N.C.B. & N.U.M.
Awaits Ministerial approval.
- H.M. Can contⁿ be adjusted to cover cost of addl. benefit for widows.
Or can that benefit be adjusted.
- J.G. This was included in Miners Charter – at a much higher level & w'out contⁿ.
I tried for 1^d per £1. That = 7^d. 50% wd. be 1/=.
Modifⁿ in widow's benefit wdn't affect contⁿ v. much.
- A.W. Danger of leavg. ex Service popⁿ under impⁿ they are being dealt with unfairly in comparison with others.
Can't the miners be made to understand that?
Wider repercussions eg. o.a.p.
- H.G. Accident rate justifies higher contⁿ by employers.
- E.B. Cost can't go on price for ever: will in the end come on wages when foreign competⁿ makes itself felt.
Miner's widow. Remember it's a self-cont^d community. If she has to earn her living she will have to leave her village. That wd. at least warrant extendg. 13 weeks.
- J.G. Ordinary ind. injury scheme: widow gets pension for life.
- H.G. Stressed that fact. 2) War pensions: shd. you compare with private's rates only? And children & rent allowances are better for war widows.
It is only the young childless widow wh. is open to awkward compⁿ.
- P.M. Everyone will fasten on that.
- J.G. Procedure: H.G. to N.C.B. I informally to Miners' leaders.
We haven't intervened officially at all. What do we do now?
- H.G. Send for both sides openly: say we don't like [Exit G.B.
the widow anomaly: not worth mentioning the contⁿ.
- N.B. Wdn't be right to ask miners for more than 4^d.
We shd. act on our old view that miners shd. have a better deal.
- A.B. Shd. discuss contⁿ also. Demonstrate the dangers of applying a 4^d contⁿ in other industries. To warn the miners.
On learning results, we shd. at once consider repercussions on war pensions etc.

E.B. U.S. won't do it: and prob. wdn't agree.

A.B. Discussed ad nauseam. Always told remedy was to introduce currency reform. Now we have got that, it wd. be mistaken to go back to requisitioning.

P.M. Who approaches G. merchants?

G.S. Subsidiary of Steel Board.

E.B. Wish G.S. wd. go into this personally.

P.M. M/S. must act in close concert with F.O. & Control Commⁿ.

G.S. Wait 3 weeks to see effect of currency reform.

P.M. Not too long.

A.B. Also organise scrap merchants. [Enter C.E.

E.B. Will G.S. come & see me at F.O.? (!!)

H.M. And cd. Franks be asked to explain posⁿ in W'ton.

E.B. Must think: its pockets, not heads.

[A.V.A. Disposal of A.F.V.'s]

N.B. Try to push U.S. into Pacific.

H.W. Let R.S.C. enlist Harriman's suppt.

G.S. b) Graham Cunningham Report.
All action practicable is being taken.

A.V.A. True. Rpt. of Genl. Geak. rec^d & is satisf.
But under speeding up of surplus declⁿ, much will be cleared wh. is quite useful. Suppose we have to "fight with what we can".
Or supply Benelux etc. Awkward to supply others while we scrap our own.
If we have to delay declⁿ on that a/c, margin will be even larger.

P.M. Bring to Def. Ctt^{ee}.

E.B. And m'while stand still on any increased rate of disposal.

H. 35 ships (inclgd. 5 b'ships) handed over since 1.1.48.
2 left. Leaves enormous gap in scrap supply in 1949/50.

H.D. Collⁿ of industrial scrap. Cd. Reg. Bds. do more?

- G.S. Blitz put on wh. has put up collⁿ fr. 70 to 90.000 tons p.m.
- H.W. Conclⁿ re scrap prices. Considered only in relⁿ to incentive for merchants. But incentive to industry to scrap & replace equipmt. Cotton wd. scrap quicker if scrap prices were higher. Hope G.S. will reconsider this.
- G.S. All my advice is price increase wdn't bring in another ton.
Case for higher price for remote scrap (to cover transport).
W^d put up steel price. W^d be unfair to those who have given up scrap. And comg. in v. fast. Will consider on B/T. request differential price increase for cotton.

1. Berlin.

E.B. Sokolovski has sent an odd reply. Intent^{ns} not clear.
Diffy is with U.S. – desire to include repⁿ to U.N. in the Note. To ask U.N. to declare our ‘rights’ in Berlin: and we haven’t any. Can’t budge them. But neither Fr. nor U.S. want repⁿ in C.F.M. That is awkward because we must be ready to negotiate; and we can’t confirm negotⁿ to Mil. Govrs. – can’t make them plenipotentiaries. All I want to offer is to negotiate (method not specified) thro’ Govts. if rest^{ns} are w’drawn.
Fr. attitude curious: on settlement of W. Germany they pressed for negotⁿ with R: they now say tht. if they agree to negotiate their Govt. will fall.
Had wanted Note to go in to-night. Strang Ctt^{ec} now mtg.
If we can’t get agreemt., may have to decide to-day to send in note from U.K. only.
Have tried a ref^{ce} to Art. 33 of U.N. Charter. But doesn’t mean anything. Ref^{ce} as dispute wd. make a nonsense for all 4 Gt. Powers wd. be involved & cd. neither vote nor veto!
Air lift is going well.

P.M. German Ctt^{ec} shd. be ready for mtg. this p.m.

2. Palestine.

E.B. Haven’t seen offl. rept. of Bernadotte’s proposals.
Cab. will have to decide soon extent to wh. we support them.
Must tell Arabs to pay heed to them.

3. War Crimes: Trial of German Generals.

P.M. Go to para. 13. Don’t quibble over delay or no delay.

E.Sh. Began with disposⁿ to put them on trial. Health & diff^{ies} & cost rep^d to me: and apart fr. Runstedt we had no status because offences mainly v. R. & Poles who were reluctant to supply evidence.
Medical evidence. Conclⁿ: all cd. stand trial, but mightn’t survive a prolonged trial.
F.O. want all trials concluded by Sept. W.O. agree. But collⁿ of ev^{ce} in these cases wd. prevent us from trying them before Sept.
W.O. conclude therefore no trial. Disposal: we suggest they be returned to Germany & left to be denazified there.
U.S. want 2 as witnesses in other trials. We recommend sending them & havg. them returned to U.K. before sending them to Germany.
Delays since Dec. can’t be attributed to W.O.

- Att.Genl. Our good faith is involved. I.W. Cr. Commⁿ subm^d names of 3
to us in 1945. Put it off ever since for one reason or another.
Leaves us in v. bad posⁿ.
3 of them are quite fit to be tried. H.O. Board.
Not even sugg^d now that they shd. go to R. or Poles for trials.
What grounds cd. we adduce to U.N. for not procdg.
- J. Public opinion tired of war trials. Opinion in U.K., when they see
3 old and sick men arraigned months after surrender, will be
perturbed.
Decⁿ must, however, be taken on internat^l grds.
In Dec. I decided on documents there was prima facie case.
But will take 6 months to get originals & prepare the case.
And I doubt if we shall certainly be able to prove the case.
Real ques. is effect abroad.
- Att.G. Shd. have no diff^y in provg. orders were acted on: for we have
executed some people for carrying them out.
- R.S.C. Irrelevant wh^r or no we shall get a convⁿ.
- E.B. Must press for trial.
Sept. 1st is a general objective. Needn't exclude trial of these
important 3 individuals. Also was related to cond^{ns} in
Germany & establ. of C.A.
U.S. wd. have taken them over if we had acted quickly.
Have refused to hand over to R. or Poles.
On what grounds cd. I justify not putting them on trial.
Mustn't give impⁿ we were willing to surrender small men and
decline to surrender the big men.
- H.D. Cd. we hand them over to R. or Poles?
- E.B. Don't want to re-open that. And v. diff. to do it at this moment.
- P.M. U.S. have the ev^{ce}: we must ask for it.
Bring them (the 3 fit men) to trial: in Germany. Agreed.
- H.M. Shd. be some enquiry into W.O. delays.
Collect ev^{ce} against all 4. Decide then about
Branchitz. fitness to stand trial. Agreed.
[Exit E.Sh.
Enter W.W.]
4. Criminal Justice Bill: Death Penalty.
- C.E. Inst^d to draw compromise clause acceptable to Party. This clause
satisfies all whom I have consulted, in confidence.
Haven't bn. able to consult Silverman (abroad). But satisfies

Labour members on both abolitionist side and on the other.
1944-47. 51 executed. 28 cd. not have bn. sentenced under this
clause.

47 reprieved or B'moor. 40 cd. not have bn. sentenced
under clause.

(i.e. 95 – 30. redⁿ in sentences pronounced.)

Sugg^d this clause wd. result in sterner view in cases sentenced.

But nothg. in statute can in fact affect H.O. advice on
prerogative.

Have tried to cover those murders wh. most stir public conscience.

Believe we cd. put Whips on w'out danger of revolt in Party.

Att.G. Illogical, but defensible as compromise. Safe to put Govt. Whips on.

R.S.C. V. satisfactory.

H.M. Best compromise – tho' wd. have preferred status quo.

J. H/L. may throw this out.

C.E. Shd. like to see Archbishop of Cant. when this clause put down.

H.M. Man charged with one murder & known to Police he is [Agreed.
prov. guilty of others. W^d he be covered if only one murder
included in indict^{mt}.

C.E. cf. Health: indicted for 2 murders. Second case wasn't gone on with
when conv^d on 1st.

Diffy. is not this. It is: when 2 or 3 people are killed at once is it one
murder? We now treat it as one. Shall have to instruct D. of P.P.
that where there is only one incident only 1 murder be charged
in indictment.

J. Train wrecker wdn't be covered by (e). May be criticised for that.

C.E. No cases where it has happened.

H.M. That won't get you away in debate.

Att.G. Most brutal murders are covered in a) – d).

A.W. Discrⁿ in prosⁿ to indict for separate murders.

P.M. Philosophy of e) is, not numbers, but disposition to go on murdering
time after time.

J. Consider also murder conn^d with kidnapping.

H.M. (c) of clause. Is "similar" right?

Att.Genl. Yes: intended. Otherwise it wd. extend to instruments!

- J. May be argued tht. 2 issues be put to juries a) guilty of murder
b) guilty within this clause. Divided trial.
b) is a ques. for the jury: on the facts.
- P.M. e) can't be put to jury before verdict returned.
- C.E. Tho' public will know: and 2nd trial can't be a fair one.
On e) 1st jury will find on 1st case. Different jury will try 2nd case.
If pr. admits the prev. conviction, the sentence can be pronounced. If he doesn't jury will have to try issue wtr. he was conv^d before.
- A.W. Believed we might have trouble in H/C. even tho' Party agreed,
unless scope extended as it has now been. As now drafted think we can carry it.
Agreed: subject to further consⁿ by L.O.'s of
2 main points raised in discussion.
- H.M. If H/L. did reject this clause, we wd. have to consider a) losing Bill
b) acceptg. H/L. decⁿ c) enactg. our views under Parlt. Act.
Don't like c).
- P.M. Nor do I.
- C.E. Deprecate trying to cross bridges before we reach them.
Situation may be different.
- [Exit Att.Genl. & W.W.]
- P.M.: No decⁿ (or talk) about that issue. [Enter J.S.]
5. International Wheat Agreement.
- J.S. As in memo.
- R.S.C. No provⁿ for conditional w'drawal. Wd. be regarded therefore as
ineffective & we shd. remain full members. Art. 20(3) can
w'draw or not, only.
- J.S. That wdn't do.
- J. I agree with R.S.C.
- J.S. Shall we take L.O. opinion on that?
- P.M. Yes.
If L.O. confirm R.S.C.'s view, we have no choice but to w'draw.
- N.B. Need we mention prices (para. 7)? Dangerous to give up poss.
advantage.

J.S. Now propose only para. 4 of Amaze???? Doesn't mention prices.
Agreed: we must withdraw, subject to L.O.'s clear
public statement that it is because U.S. haven't
ratified.

H.M. Effect on Can. prices. Cd. C.R.O. forestall any suggⁿ we must
re-negotiate for higher price.

J.S. No occasion to re-open contracts concluded.
[Exit J.S. Enter J.G.]

6. Civil Service Superannuation.

R.S.C. As in memo.

H.M. V. much better.
Not impressed by App. II. Thin list.

R.S.C. Only examples.

J.G. Satisfied.

G.T. Teachers. Some delay before actuarial examⁿ completed.
This Bill will come in next year. Ques. of mil. service of
teachers will have to come again to L.P. Ctt^{ee}.

A.V.A. Believe there will be some demand from Services.

7. Industrial Injuries: Supplementary Scheme for Miners.

P.M. Supplement for young childless widow reduced from 20/= to 5/=.
I auth^d this.
Approved. [Exit J.G.]

8. E.R.P. Basis of Loan.

R.S.C. Talked Harriman & Finletter. U.S. confusion.
They think 3% from grant: repaymt. after 1956 at terms = 28 year
loan. Flexible on amortisation: & let out on paymt./interest.
Diffy. 1 b. (of 5) must be by loan, under Act. E.C.A. intends
to give fixed %age of loan to grant for each country. That wd.
have effect of reducg. our grant unless we took all loan.
That = impossible. But they want to lend all the 1 b. in 1st year,
to get 2nd yr. ?????
Think therefore we must take full \$100 m. in 1st year, tho' 75 m. only
cd. be taken in capital goods.
Agreed.

9. Sympathy to C.E. over his wife's death.

1. M^r Chifley.

[Enter W.W.]

P.M. Welcomed Mr. Chifley.

C. Thanked.

2. Parliament.

H.M. Business in H/C.

[Exit W.W.]

3. Germany.

E.B. Note despatched to Sov. Govt. No reply. Won't publish until Friday.
Air lift doing v. well.
Sov. Govt. turning east also – cf. Malaya.

R.S.C. Diffy. over aviation spirit.

E.B. Have raised it with Douglas. They must replenish stocks.

R.S.C. If we have to damp down our civil aviation, we disclose
seriousness of our stock posⁿ.

E.B. Pity we haven't more refining capacity.

R.S.C. We are increasing it.

E.B. Can we have Oil Report.
Polish rep^{ns}: we have replied (nicely) to that.

4. Balkans. { Believe Poland is being pressed to put pressure on
{ Yugoslavia. But R. have agreed to hold Danube Conf^{ce}
{ in Belgrade. Ferment in Czecho: likely to be ruthlessly
{ suppressed. Peake thinks Tito will win thro' – if so,
{ v. interesting situation. We must try to clear up Gk.
{ situation while this row is on.

5. Palestine.

E.B. Discussed Mediator's proposals with U.S. & asked Arab to give them
heed. Genl. feeling among Arabs tht. if there must be Jewish
State, they don't want to be federated with it. Wd. prefer an
Arab part of Pal. to join Arab League.

Have taken initiative in proposing extension of truce.

If U.S. don't raise embargo, R. will supply arms to Jews.

Only hope of solution is for some auth^y (U.N.) to take a firm line.

Arabs will never agree, but may accept the inevitable.

[Enter B., J.S., G.S.]

6. Economic Affairs.

- R.S.C. Prodⁿ increase beginning to tail off. Engineering: ceramics increases in 1st quarter.
Coal production still disquieting. Most serious aspect = shortage of large coal for export. Excess of unwashed (and unwanted) smalls.
- E.B. Mtg. of N.U.M. Seemed to be good-will. V. placid.
- G.A.I. Getting all the men they can take. Esp. E.V.W.'s. In Yorks. some hostility to workg. with foreigners. In Scotland, where no hostility, no houses. Detailed report is going to Prodⁿ Ctt^{ee}.
- B. Rlway. case v. 45% inferior coal. Want to appeal fr. Prodⁿ Ctt^{ee}.
- P.M. Put in memo. to Cabinet.
- A.B. No rep^{ve} of M/T. attended Prodⁿ Ctt^{ee}.
- P.M. Then go to Prodⁿ Ctt^{ee} first.
- H.D. Isn't there large coal in stock wh. cd. be drawn on?
- R.S.C. Not v. much large.
- H.W. Prodⁿ Ctt^{ee} view: export can continue pro tem and we can consider later wtr. we cd. draw on stocks of house coal.
- H.M. Can't rep^{ns} be made to N.U.M. and N.C.B.
Agreed: H.G. to be informed (at N.U.M. mtg.) f'with.
.....
- R.S.C. Balance of Payments. Net increase of 32 m. due to price increases. On volume near estimate. If we get E.R.P. re-imbursement we should roughly balance. But we shall prob. get less. esp. in future quarters. Must therefore reduce draft on sterling reserves. Under better control – Hong Kong, Siam, Burma, W. Indies etc., were[sic] are still trying to get in hand.
- A.B. Any dollar cost over Berlin?
- R.S.C. Depends on arrangemt. made for oil.
- A.W. Any drop in import prices?
- R.S.C. No. U.S. experts expect inflation to continue for 2 years &

- then crash.
Marshall Plan pumps wages in & draws goods away. That is inflationary.
- R.S.C. Retail Trade. New feature. Diff. to interpret figures.
Wanted to see if signs of deflation. Para. 37. Not v. much disinflation as yet. No grds. for anxiety lest deflation shd. set in hard.
- H.W. Disinflation is on the move, but not enough to cause alarm.
E.g. traffic is dropping (C. Paterson).
But we have bn. trying to create this situation.
- B. This is what alarms me re increase in coal prices.
- R.S.C. No genl. increase intended? Differentiated price only.
- B. All 3 grades of coal for rlways. will carry the increase.
- H.W. Memo. is being submitted.
- H.D. Interestg. new feature.
- H.W. Fall in prices of dresses – shoe sales.
- A.W. And houses also.
- H.M. And good consumer re-action against junk. Can speeches stress this.
And can raw materials be denied?
- H.W. Too difficult. Consumer re-action is more effective.
- R.S.C. Prices.
Internal level has flattened out. And wages steady 3 months.
If engineering & agric. claims cd. be held, there might be a recession in price level.
- G.A.I. Engineering claim comes up on 14/7. Unions inclined twds.
Court of enquiry. Won't go to arbitⁿ. Want peaceful settlement.
Agriculture – outside M/L. control.
- R.S.C. Cab. shd. consider wtr. agric. wages shdn't come under normal machinery. Road haulage is now coming back. This is chance to get agric. back to normal.
General support for this.
R.S.C., T.W. & G.A.I. shd. confer on this ques.
- G.A.I. Unions. Transpt. wd. have piece-work system. Agric. unions don't want it.

- Oil Stocks.
- A.V.A. Are forecasts June/July firm? We ought to improve them.
- R.S.C. But U.S. aren't delivering v. contract. We are on the bone.
Diffy. = U.S. user (increased) in both consumptⁿ and tankers.
- E.B. Why not take it up with U.S. on defence side – in talks now
procdg. in W'ton.
- A.V.A. Naval stocks have bn. run down to assist civil.
- R.S.C. Whole problem shd. be handled with U.S. on political level.
Includg. artificial raising of price by U.S.A.
- E.B. Only hope of U.S. co-opⁿ is on defence grounds. They won't
discuss on commercial basis.

Import Programmes.

R.S.C.

Complicated because covers a) decidg. own p'mmes &

b) decidg. what to submit to O.E.C.C.

4.750 b. total. Decided O.E.C.C. shall divide. Asked for

i) budgetary and ii) commodity p'mmes. On i) – basis of figures in Brown Books: that means 12 mos. to June '49 1271 in \$ p'mme for U.K. That was based on total 10 more: & we shall get 1100 – 1150 \$ vice 1271.

On ii) details of stocks, imports & exports & home consumptⁿ of about 100 commodities.

Summary on pp. 10-11.

Annex A to 178. 177.

Ques. a) how to adjust dollar p'mme on principles no redⁿ of reserves and viability by '52.

No certainty that Aid will continue until '52. But for present calculations we assume it.

Para. 8 assumptions.

(i) Canada not willing to commit themselves re Credit. Want us to make no assumptⁿ. But if we don't take it into a/c Aid will be reduced. We therefore assume 60 m. This is optimistic prs: but safest estimate.

(ii) As in memo.

(iii) Tobacco not altogether excluded.

(iv) Advised by Finletter to do this.

(v) As in memo.

Further confusion. A third p'mme – of requirements. To arrive at that (para. 11) we have added 400 m. of other comm^{ies}.

No relation to what we shall get.

Another factor: availability. e.g. we shd. like more steel.

Para. 15 gives likely yield viz., 1.150. When allocⁿ is made we shall have to make an adjusted p'mme.

Distinction betwn. loan & grant has become unreal because U.S. now insist on our takg. all loan as condⁿ of receivg. grant. All therefore is now on same basis.

Own import p'mme. Must make now adjustmts. wh. we cdn't make later when O.E.E.C. have finished on this.

Poss. adjustmts: Can. aid (no hope of more than 60 m.)

(Para.17) I.M.F. loan to Australia (Chifly says that isn't poss. politically at this stage & I have agreed).

Oil: If we get 1271 we cd. carry 50 m.

If we don't some other arrangement will have to be made. W'drawal of our help to Europe is therefore only conditional on our failing to get spec. help from U.S.A.

(iv) as in memo.

(v) as in memo.

My advice on para. 17: nothg. we can rely on except oil figure in events stated.

Sh^d we then adjust import p'mme? Believe we must cut it by 50-100 m. dollars. That is optimistic. Must do it now if changes are to be effective w'in period.

Possible reductions. Para. 22.

Wheat. At current consumptⁿ we are much above any participatg. country. Claims on that basis will therefore be resisted. Allocⁿ of our own wheat to animals is contrary to what we have commended to others & will be open to criticism. Propose therefore to hold comsumptⁿ at '47 level – saving 25 m. Canadian wheat. W^d help our bargaining with them in Sept. U.S. are askg. Canada to furnish 19.7% aid: they will prob. say they can't: will make more diff^{ies}, however, betwn. us & Canada. Consequences as at (i) to (iv). Talked to J.S. W^d agree to aim at 100.000 – with rider that it assumes good potato crop.

Sugar: Distribution, not purchase. Commend p'poning decⁿ until Sept.

Tobacco: 6½ mos. stock at Sept. 49. Manufrs. regard that as v. dangerous. Commend reducg. to 6 mos. stock & force manufr. to use Balkan tobacco. We must come to that.

Raw Materials: Recommend 30 m.

Machinery: Madness to cut for a) U.S. think of this as rehabilⁿ p'mme b) own future.

My proposals wd. save 75 m. at once. Consider in Sept. what more we must do.

Annex B to C.P. 177.

Wheat – as above.

Coarse Grains – Means we shd. be able to substitute this for wheat to farmers.

Coal – E.P.C. have settled at 20 m. tons.

Newsprint – Must tell papers no 5 p. papers before end/49.

Annex C. to C.P. 177.

Over-success of switchg. threatens to create new hard currencies.

Para. 11. proposals.

Para. 12: v. large deficit developing with non-partic. countries.

Danger tht. we have to pay in dollars or gold or divert to them our scarcer exports. Hence proposals in para. 18.

Participatg. countries. We expect surplus. Trouble: our imports fr. these aren't essential. Still losing gold to Belgium: beginning to lose to Portugal: & Switz. is dangerous because of tourists. On this: proposals in para. 20.

Para. 21. Total balance. V. bad posⁿ. £335 m. of goods beyond our means. Must be eliminated by '52. Due to increase in quality & 18% in prices. And prices are now rising faster in non-dollar countries. Switch away from dollar area has involved buying

- more & at higher prices (!)
- Expansion of exports. Para. 24. Add (iv) people may get from y/ U.S. with Aid machinery etc., which they previously bought from us.
- Global. We shall be roughly in balance with rest of world.
Save tht. we have allowed nothing for a) capital investment in Colonies or b) releases from blocked sterling.
- Conclusions in Para. 27.
Decisions requ^d. Import P'mme: para. 24.
Non-dollar .. paras. 18 – 20.
- P.M. Oil. We buy dollar oil: sell much sterling. Suggest we ask for dollar paymt. for our oil.
- R.S.C. At 1275 we wd. get dollars – in effect off-shore purchase by us.
We shd. be getting the dollars under the Aid.
- A. Shd. we not switch sterling oil to U.K.? Why shd. we continue present practice.
- R.S.C. W^d break down economy of W. Europe to w'draw the oil.
What I propose is tht., if we don't get this amount in dollar grant, (additional) we will charge dollars for the oil out of their x/ allocⁿ of Aid. This argument is addressed to W. Europe in O.E.C.C.
- P.M. My point is explained by x/.
- R.S.C. Can't afford (long-term) to lose these oil markets to U.S.
- A. Won't this diminish need for 100 m. cuts?
- R.S.C. No: 120 less 40 at most = 80. I commended 75. Still short.
- A.B. Have we assumed appreciation of foreign holdings?
They appreciate by same process as raises our import prices.
- R.S.C. Can't take that as current asset to be spent on current consumptⁿ.
Remember terms of trade are more favourable than 1913 and same as 1939. In past 60 yrs. only the '30's were as favourable as now because gt. depression.
- H.W. Dollar estimates are as good as poss. Accept those.
a) Annex on non-dollar is too alarmist. Takes p'mmes of Dpts. (wh. include all we hope to get: more than we shall). cf. statement of excess imports fr. E. Europe of 55 m. But we don't expect such a good deal with Russia & others.
Also y/ is true. But means they will reduce demands on non-dollar areas and those prices shd. fall.
b) P. 11 of 177. para. 7. Flow of capital. We discuss most diff. cuts,

yet £50/100 m. has bn. lost m'while in flight of gold to S. Africa.
W^d have involved diffy. at end of current agreemt. in paying for gold.

- R.S.C. That posⁿ is righting itself. S. Africa is going to be v. short of gold.
And since election they have lost sterling.
- H.W. Flow of capital shd. be carefully watched.
his memo. glosses over what is going on in intra-sterling area trade.
- R.S.C. Memo. doesn't cover capital.
Agree non-dollar figures are uncertain. And my proposals are limited to two.
- J.S. We weren't aware tht. Ty. control had bn. relaxed.
Hope it won't mean more. To inhibit purchasing from non-dollar world.
Para. 18. want review quickly. If we are delayed we can't buy.
Ques. of expedition.
- N.B. Annex C. para. 11.
a) danger of bi-lateralism w'in sterling area.
b) increases diffy. in makg. long-term contracts.
- R.S.C. On b): only temporary pending review.
- H.W. Chifley on Friday. Agreed we shd. go thro' his dollar list with a view to substitution. Hope we can do it with other Doms.
Hope we shall go on with long-term contracts.
Have noticed relaxⁿ in Ty. control. But don't want it too stiff. And want further disc^{ns}. W^d make import licensing impos. Also must have free hand in lookg. for non-dollar comm^{ies} w'in global p'mme – subject to final approval on price.
- E.B. Machinery of Ty. control needs discussion.
- R.S.C. O.N. Ctt^{ee} can keep in general touch.
- J.S. Wheat. Annex A. para. 22.
Agree to (ii). Have always advocated (iii).
On (i) I was intending to aim at 9 wks' stock. And that was thought to be too low, on defence grounds. These figures involve aimg. at 6 weeks' stock. Shd. we disclose that? Believe it cd. be deduced. Anyway, it's too low – apart from disclosure.
On (iv) content with my proposal in bread rationing memo (quoted from it). We must have that cushion. Can't have 200.000 each week rigidly. Can't do more than 'best endeavours' – and can't hang it only on potatoes.
- T.W. On (iii). I have informed Farmers' Union of effect of Cab.

decision of 22/6. If we do this, we have to supply 350.000 t. of coarse grains

- P.M. W^d be sorry to see this decision reversed.
Saving is v. small.
- T.W. We said we wd. let farmers keep it unless world supply of wheat was v. unsatisf. for human consumption.
- E.B. If you try to keep them fr. this, they will cheat you.
- R.S.C. i) Diffy. of presentⁿ to OEEC. Feeding wheat to animals.
ii) Diffy. of getting agreemt. to take less wheat from Canada if we do this.
iii) Saves 15 m. dollars p.a. We aren't justified in using gold to feed animals. Coarse grains won't cost dollars.
- E.B. But meat & bacon & eggs cost dollars.
- R.S.C. Proposing to increase coarse grains next year – assumg. we can get it from non-dollar. We cd. take 350.000 out of it.
- T.W. Haven't begun to negotiate for one grain of that.
R.S.C. is quoting from an ideal requiremts. picture.
- R.S.C. No. Target is 8 ½ m. tons of coarse grains.
- P.M. What do you actually save? Even U.S. won't expect us to extract every ounce from farmers. Allow them to keep 20% will keep it to 20%. Also they will feed bread to chickens.
- H.M. Doubtful. Farmers' incentive to grow max. wheat will be diminished. Livestock & dollar saver. Some of substitute wd. have to be bought from hardening soft currencies. Doubt if it's sound economically. Sure it's unwise politically
General feeling v. proposals re farmers' wheat – partly because the farmers wdn't surrender.
- R.S.C. Then I must get the 15 m. dollars from somewhere else.
- P.M. (i) (ii) and (iv) are accepted.
- J.S. Can't guarantee 100.000 off-take.
- P.M. Take it as a target.
- R.S.C. Can't have the 'cushion' of the earlier decision, for the other 3.000 isn't there.
- J.S. Current off-take is 102.5.

T.W. Unrationed off-take was around 96.000.

Discussion adjourned.

1. Import Programme.

[Enter J.S., G.S. and E.E.B.]

R.S.C. Wheat 302 m. dollars.
 Sugar 82. (20 to Col. & 42 re-exports) for dollars).
 Bacon 74. }
 Cheese 15. } 126 from Canada.
 Eggs 37. }
 Cheese 10. (U.S. – bought).
 Molasses 19. (Cuba)
 Misc. foods 8. 547 m. for food.
 Tobacco 63. Cut of 20 proposed.
 R. Materials 629. 5% = 30.
 Machinery 146.
 Manuf. goods 56. 24 textiles for re-export..
 Petroleum 251. (dollar content of own imports) 629 m.

The 126 fr. Canada is linked by them with wheat contract. At end/48
may negotiate 20 m. redⁿ. But not prs. poss. to get 60 m.
Credit as well.

N.B. V. doubtful if we'd get both.
 That leaves (food) only wheat sugar.

H.W. Tobacco. Cab. shd. understand effect. Shops out of Virginian &
 people won't smoke Turkish. May get some people round to it.
 But increased use of Balkan in blending = satisfy. can't go much
 further because diff. moisture content – cigs. go mouldy. Cd.
 only do it by 3 m. dollars' U.S. machinery & addg. dollar
 ingredients (molasses, cocoa, apple juice etc.).
 Cut therefore means further cut in supplies. Cut now by 20% since
 tax increase to $\frac{3}{4}$. 100% of 1940 consumption. No way of
 rationing. Existg. queues etc., will therefore be magnified.
 Unless manufrs. cd. be assured of replenished stocks by
 Sep. '49. And can't give that assurance. They will cut
 10-20% more in distribution. Political consequences. On top of
 price increase.
 Habits won't change.
 Stocks of Balkan tobacco = 40 m. lbs. 18 mos. consumption as
 Balkan cigs. Cd. easily buy more – tho' price is higher &
 might be diffy. over discriminⁿ.

R.S.C. Wd. help qua W. Union.
 Long-term problem. Only solution = increase Balkan propⁿ. Must
 face up manufrs. to this.

H.W. Subject to discriminⁿ diffy. solⁿ might be to sell Balkan cigs. much
 cheaper.

- R.S.C. Hoping situation wd. improve. Now clear it won't. We must therefore change over & bring manufrs. along with us.
- A. Believe we cd. get more from S. Rhodesia: in 2 years' time.
You cd. relieve situation by that means w'in 2 yrs.
- R.S.C. Want that relief for further easement on dollar tobacco.
- H.W. Have done all poss. to increase Rhodesian prodⁿ. Now w'in sight of 15% of our total consumptⁿ. Have discussed long-term expansion over 4 years.
- N.B. Limit to this expansion because S. Rhodesia must grow more food.
Otherwise another problem.
Bring in Balkan too.
Agreed: Tobacco cut by 20 m. dollars.
- Raw Materials:
- G.S. Doubtful if 1% more can be cut w'out effect on export etc.
Agreed: as proposed.
- Machinery: Agreed: no cut to be made.
- Manufactured Goods: Already fully screened. No gain from this.
- H.W. Newsprint: Agree in principle. But want latitude because some chance of increasg. home & Scandin. Some prospect of 5 p. newspaper before date mentioned in memo.
- H.M. Hope we can keep open mind.
Also straw or grass. (Morning Post).
- R.S.C. Needs caustic soda.
- H.W. We are considering all substitutes.
Sugar. Agreed (y'day) that decision could be p'poned.
Wheat. Agreed – abolish rationing.
Take 100.000 off-take as a target.
(J.S. Can't guarantee it.)
20% of farmers' wheat. Genl. view that we shdn't get co-opⁿ of farmers on that basis & cd. get away at O.E.E.C. with 80% collection.
- R.S.C. Not my view. Believe we must do this.
- A.V.A. How wd. the 20% be used? cf. Turton's speech in H/C. on 12/7.
In relation to breeding.
- T.W. Wheat feeds poultry, pigs or beef. That was why we promised in Aug. – 2 pronged: to get larger wheat acreage and also encourage breeding of livestock. Farmers responded both ways.
W^d be unwise to reverse policy at this stage.

- P.M. Jan. decⁿ to substitute coarse grains if need be was related to acute shortage of wheat for human consumption. And there is none.
- T.W. And decⁿ of 22/6 was firm. And I informed F. Union.
- A.W. Excess of potatoes this year will prob. decrease wheat consumptⁿ.
- J.S. Not below 100.000 t.
Explanⁿ to farmers. We cd. say we want more wheat in order to de-ration bread. Shortage of dollars: same as shortage of wheat.
- A. The full 20% won't be retained. Many farmers won't keep it because haven't stock. Yet these figures assume full 20%. This calculⁿ is fictitious.
- P.M. x// Don't w'draw pledge. Ask for max. delivery of wheat. Make coarse grains available at lower price.
Agreed as at x/.
- E.B. Concerned at 6 wk. stock.
- J.S. Have enquired & am alarmed. Suggested 9 wks. in C.P. 152.
Target of 10 wd. be v. dangerous.
On dock strike we were w'in 2 days of mills stopping.
- R.S.C. Only in weeks immed^{ly} before harvest. Doesn't apply throughout the year.
- A.V.A. Summer may be crucial moment. In 1939 millers, at Govt. request, raised stocks by 1 m. tons.
- R.S.C. If it's strategic cover you want, you must pay gold.
But for current feeding aim at 10 wks.
- E.B. Worst period of year: wd. last from end June to mid-August.
- J.S. Can we aim at 9 wks. stock – only going above 10 wks. level if we can get balance in non-dollar wheat.
- H.W. i.e. authority to buy additional non-dollar wheat to bridge diff^{ce} betwn. 10 & 9 weeks. Come back to Cab. if he can't get it.
- E.B. Must be at liberty also to raise ques. on defence grounds of going higher. Make it clear therefore to U.S. tht. 9 wks. = minimum for civil purposes.
Agreed on this basis.
- H.D. Does this mean avoiding loss of gold?
- R.S.C. Gives up 70 m. saving. Shall know in September.

- E.B. Care in announcing de-rationing of bread – change in method of control. May I be consulted over this?
M/F. to submit draft to F.O. & Ty.
- R.S.C. No announcemt. of other decisions – until p'mme subm^d to Washington.
- Non-Dollar Programme. Agreed.
- Agreed: Report in C.P. 178 can go to O.E.E.C. as modified.
2. Sudan.
- E.B. High prices, esp. for cotton. 4½ m. being dist^d in profits this year. Grave danger of inflation. May arise in other B. territories. Want consumer goods to mop it up. – B'ham beads etc.! Needn't interfere with essential exports.
- R.S.C. All African dependencies affected – genl. ques. We sought to get them to hold back a propⁿ of the higher prices in Equalisation Fund. Being done in Colonies. Why can't it be done in Sudan?
- C.J. All the same, incentive goods are short. Sewing machines, bikes etc.
- H.W. Little we can do on essentials. Will try to get together some junk. – if Sudan will lift import rest^{ns}.
- J.S. Import rest^{ns} in Tanganyika also.
Agreed: meeting while Howe is here. (C.O. F.O. B/T. Ty)

1. Parliament.

[Enter W.W.]

- H.M. Business for next week.
Shd. Parlt. prorogue or adjourn? Arguable. May I have discretion to decide?
- P.M. Disposed to adjourn. Otherwise K's Speech if you have to meet.
- A.B. Atmosphere of continuous crisis: v. unfortunate.
- H.M. Takes 3 days to get Proclamation etc.
- E.B. Internat^l diff^{ies}.
- H.M. Not worth resisting Opposⁿ if they ask for it.
- H.D. Better take the initiative: volunteer it.

General view: in favour of adjourning.

2. Criminal Justice Bill: Capital Punishment.

- C.E. Silvermn's letter to P.M. – signed by others too.
- P.M. Premature to announce what we shall do if H/L. throw this out.
- C.E. Yes: but they will want assurance tht. somehow this will be enacted – even in one Cl. Bill next Session.
- P.M. Announcing that wd. invite H/L. to reject Clause in this Bill.
- H.M. I regret compromise too – for opposite reason.
This talk wd. prejudice posⁿ in H/Lords.
If we Parlt. Act this ques., complicates p'mme. Also doubtful about using this on ques. wh. isn't clear-cut Party issue or where public opinion is shaky.
- P.M. Tactically wrong to make such a declⁿ now.
C.E. shd. see Silverman etc., before to-day's debate & explain posⁿ.
- R.S.C. Must do our best to get this compromise through.
- A. York tells me Judges don't like clause – seeking further compromise.
But Govt. mustn't show its hand at this stage.

3. Representation of the People Bill.

- A. Developmt. since Legⁿ Ctt^{ee}. L.C.C. membership – city of West. & City.
Tories had agreed not to move ammendmts.: but now say that undertakg. was limited to Parly. Franchise.
Two cities had 8 members in L.C.C.: now reduced to 3. But bus. note (over 100.000) applies: & £15m. out of £45: richest boro's. They want 3 each. They may press this.
- P.M. Stepney had 6 & is cut to 3.
No case for this – save on old rateable value basis. Means going back on L. Govt. Bill.
- A.B. Agreed – reactionary.
- A. And opens whole ques. with other boro's.

4. Electricity Peak Load.

[Exit W.W.
[Enter H.G.]

- H.G. Prodⁿ Ctt^{ee} have discussed industrial & commercial problem. Cab. asked only to consider domestic consumption.
Clow Rpt: many recomm^{ns} are technical. Political issue: scheme of differential charges. Clow attaches importance to this. Citrine favours it. I think it might switch at least $\frac{1}{4}$ m. kilowatts fr. peak: prs. $\frac{1}{2}$ m = 10% off peak load. Anyway it's certainly a move in right direction. Para 16. indicates kind of thing wh. wd. be done: details wd. be for Reg. Bds.
Paras 7-10 show effects on consumers. The larger the propⁿ of yr. consumptⁿ is in winter, the more your total annual burden will be. All electric houses will not therefore come off badly. Will hit mainly those who use it for space-heating only & don't therefore use in summer.
Wd. say in announcg. we approve in principle & will ask Reg. Bds. to put into effect.
- A.B. Prodⁿ Ctt^{ee} have carefully considered this & support it.
Important however tht. it be put over well. C.O.I. & Informⁿ Ctt^{ee} shd. concert publicity.
- H.M. Have long wished for a price disincentive. Esp. on 2. part tariffs, designed to increase consumption.
Agree there must be careful publicity – to explain reasons.
Econ. Inf. Unit, H.G. and B. Ed. Auth^y cd. handle this.
- N.B. Endorsed para. 3. Want to ease staggering of hours.

G.A.I. Slot-meters.

H.G. Pol. will have to be changed.

H.D. Use B.B.C.

A.W. N/Scotland stations wh. don't affect peak load: can they be left out?

H.G. Will be a matter for discretion of Reg. Bds.

C.E. Emphasised special problems of slot-meter.

E.B. Cdn't we exempt slot meters – v. small propⁿ of the whole.
V. poor class of consumer. Cost of adapting meters.

R.S.C. Many are in hotels.

H.G. This = detail. Want only approved in principle.

G.T. Don't believe price will secure economy.
App. para. 5 is worth much more.
Psychol. effect of waste of electricity in shops.

5. Civil Aviation: Aircraft-Types.

[Exit H.G.
[Enter G.S., P. and A.H.]

R.S.C. Letter from U.S. Ambassador. Gave general sense of it.

B. Air Lines shd. fly U.S. planes, in interests of our efficiency, suggested loan from Bank. Canadairs are out of date. Their purchase wd. be regarded as due to preference for Comm.

H.M. We shd. ignore this.

A. C.A. Ctt^{ee}: v. poor prospects of Corp^{ns} – remitted it to Dpts. for further considⁿ. Seemed tht. prospective losses wd. be even greater.
B.O.A.C., tho' liking flying boats, rep^d tht. they had alone to bear cost of m'taining bases. But we were comm^d to large expense on S.R.45. Also v. popular & comfortable. Explored therefore poss. of others using them = S. African airways willing. U.K. base settled – Calshot. We therefore recommend S.R. 45 shd. continue. Four more wd. be requ^d (in addⁿ to 3 ordered) if S. Atlantic come in to this too. Propose these 4 be ordered.
B.S.A.A. believe they can operate these at a profit.
This an agreed recommⁿ.
Solent: agreed that this shd. be used.

Land planes long-term. Bratazon & Comet. Comet will be best in world. Brab. is more conjectural. Large expenditure incurred already. Recommend these continue.
 Bristol medium (on Constellⁿ model) shd. also go on.
 Don't expect these before 1954/55. Not before '53/4 anyway.
 Problem = fill this time gap. This is real area of controversy.
 Hermes is going on: expected in '50.
 Tudor IV now doing well on S. Atlantic. Proposed to continue those & add others for S. Atlantic.
 Tudor II is real trouble. Reported in Dec. '46 tht. it wd. soon be in operⁿ. But series of troubles betwn. Corp^{ns} & Dpts.: best has bn. enemy of good.
 Final trials: Boscombe & Khartoum – App ii v. unfav.
 With v. gt. reluctance therefore Ctt^{ee} support applⁿ by B.O.A.C. tht. they shd. buy Canadairs on terms explained in para. 5 – includg. no immediate dollar expenditure.
 x/ Corp^{ns} incurring prodigious losses – losing traffic – bringing B. civil aviation into disrepute.
 Canadairs are flying N. Atlantic now.
 Involves scrapping Tudor II: ordered in '44 & heavy expense incurred.
 M/S. wants to convert them to Tudor IV's.
 But tht. wd. be delay – Hermes available by then - & even Tudor iv's can't be used s. of Nairobi or e. of Calcutta.
 Corp^{ns} will take some for freighters. Other uses can prs. be found.
 Does this mean abandoning "Fly British"? We must face ugly facts as at x/. And our recomm^{ns} anyway don't go beyond Tudor ii: one type only, others go on.
 If Canadairs are ordered, we must make Corp^{ns} understand tht. it mustn't prejudice introdⁿ of long-term types.
 Two personal points.
 a) Must be better co-opⁿ betwn. M/S. and M/C.A. And also the Corp^{ns}. Shall have a report on ordering procedure.
 b) Outside pressure. Leakage to Press etc. All known in A.V. Roe's works. Cab. can't do its business on that basis. Dpts. shd. take more care.

P.M. Publicity: from B.O.A.C. and firms. They must know a good deal about these things.

A.B. Para. 4. of M/S. memo. Says Canadair haven't got cert. of airworthiness.

G.S. Model 2 has flown Atlantic. The 4 hasn't got a cert – prob. will.

P. Has just received its certificate.
 Our supplm. point. Alternative use of Tudor II.
 Looks as tho' we cd. use almost all of 31 available after conversion.

B.O.A.C. will take 10 as freighters. 3 Charter cos. wd. take 12 at least, for freight or passengers. M/S might use 3-13. Thus, 25 certain. B.S.A.A. wd. prob. take some as freighters. And conversion wd. employ the Avro workers for 12 mos. We shd. get £50/60.000 per aircraft. They've cost £140.000 up to now and another £60.000 to convert. Thus, we might cover addl. cost of conversion & lose initial cost.

- G.S. Fundamental disagreement on Tudor/Canadair ques.
Cab. have agreed on occasion to purchase of a few foreign craft.
But this differs-
- a) Extent: 22 planes.
 - b) Previously, we hadn't a good B. 'plane. Here there is agreemt. that 2 planes (Tudor IV & Canadair) are equal in range, speed & comfort.
- P.M. Canadair carries more and is economically more attractive.
- G.S. Payload figure £1m a year diff^{ce}. Don't believe it will be as much.
But, even so, ques. do we take the cheaper article or fly Tudor equally attractive to customer.
At end of sorry story we have Tudor IV – a reliable good aircraft. I want to assemble these Tudor II parts as Tudor IV's and fly it as a passenger 'plane.
Abandon this as passenger plane for B.O.A.C. & it must have some adverse effect on export. Some effect on war potential. Wd. deprive designers of experience in operⁿ use as freighters. Wd. involve subsidy to Charter Cos. & Corp^{ns} (hidden) therefore we shd. sell at £50.000. Bad effect on our reputⁿ.
Simple issue: 2 planes equal in quality, range & speed. The Canadair will save subsidy of $\frac{1}{2}$ to 1 m. p.a. But will damage our aircraft industry seriously.
- P. Don't agree with all these points.
Effect on aircraft industry. We aren't abandoning Tudor IV's as passenger planes. We are using 19 now. So both in prestige & experience arguments – there is nothg. in this.
Comparison. Corp^{ns} regard Canadair as much more attractive plane – their commercial opinion. But main considⁿ is economic. Cost of operation. Between 5m and 13 $\frac{1}{2}$ m. difference – total cost over their life.
Financial posⁿ of Corp^{ns}. Deplorable. £8m subsidy for current year: & Corp^{ns} will lose £10m. Can't therefore laugh off a diff^{ce} of £5 - 13 $\frac{1}{2}$ m.
Quality. Tudor IV can't fly N. Atlantic commercially at all.
It now works its way round via Iceland in head-winds. And with small payload.
- G.S. Flies direct 3 times a week to Gandar.

- P.M. Range.
- E.B. U.S. will say Constellation can fly direct to N. York.
- P. Capacity pay load: still-air: Payload
 Tudor IV 2864 8.800
 Canadair 2595 12.370
 Constellⁿ 3250 13.740
 But payload makes a big diff^{ce}
 Payload at max. range. = Atlantic
 Tudor IV 3.856 lbs
 Canadair 7.406
 Constellⁿ
- Practical payload over Atlantic:
 10 passengers for Tudor
 19 passengers for Canadair
- R.S.C. These figures aren't & can't be absolute.
 If you switch betwn. pass., freight & petrol you can get longer range
 with less passengers. Must therefore compare same journey in
 same cond^{ns}.
- P.M. Were these planes requ^d.
- P. No one sugg^d Tudor IV shd. be used on Atlantic.
 Shannon to Grandeur was maximum run.
- G.S. Accept the argument that commercially it wd. be better to use foreign
 aircraft on N. Atlantic.
- H.D. C.A. Ctt^{ee} hadn't got final Rpt. of Courtney Ctt^{ee}.
 Seems tht. Rpt. has bn. altered at last moment. And main weight
 of criticism is now turned against B.O.A.C.
 This will have to be publ^d. Re-action will be indigⁿ v. B.O.A.C.
 & feeling tht. B. aircraft industry has had a raw deal from them.
 Will be therefore the more diff. to justify not taking Tudor II.
 Hope we can make better use of Tudor IV.
- E.B. Must clear up 2 principles-
 a) Transport. The Corpⁿ must be influenced by good of
 passengers. State has injected, however, interests of B.
 aircraft industry & defence. This makes posⁿ of Corp^{ns}
 imposs. If they can't take passenger interests as criterion,
 they are at mercy of manufacturers.
 On operation, not enough diff^{ce} in figures to warrant departure from B.
 policy. If, however, you decide to spend that £5m on aircraft
 industry, you must say so and say that B.O.A.C. are not respons.
 for this loss in operation.

- A.B. In Cab. discⁿ 2/3 mos. ago I said we cdn't defend posⁿ when civil aviation is being subsidised for mil. reasons everywhere. Only ques. is one of business method. Means of reliev^g. Corp^{ns} of responsibility for loss w'out diminishing their efficiency. But we haven't got the facts. For Ctt^{ee} reported w'out seeing Courtney Rpt.
- H.M. Cab. is in gt. diffy. in discussg. these technical ques. We must find some other method. Rpt. on ordering procedure may show other diff^{ies}. We must get these issues settled on business lines takg. a/c of nat^l interests.
Broad issue. Is Civil Aviation to be used as instrument for experiment of B. aircraft industry. Somethg. wrong with that industry. After all that money spent we still can't be sure we are going to have a B. aircraft capable of flying Atl. commercially. There is no mil. point here – only on wider war potential. Unless you can fly Atlantic on competition basis you do no good either to Civil avⁿ or to aircraft industry. Indeed, you damage most.
App. to 182. is agreed. Don't agree there's little between the 2 types. We must get an aircraft acceptable to passengers. I favour using Canadairs & makg. best alternative use of Tudors.
I wd. support C.A. Ctt^{ee} concl^{ns}. If it can wait, then I wd. like to see both Rpts.
- R.S.C. Exaggerations.
Remember: Tudor IV's will go on.
Only one manufacturer concerned. A.V. Roc. And they have no more civil machines on design. Tudor IV is the last of Lancasters.
Not therefore v. important qua aircraft industry.
Comparison:
Clear that Canadair has larger capacity & that means longer range if wanted.
But most important point is under-carriage weight. This must limit use of Tudors on Empire routes. V. dangerous therefore to embark on this Tudor aircraft for those routes. Folly to spend more money in adaptg. to Tudor IV in those circs.
- N.B. Our Constellⁿ services are winning renown for B. aviation (civil). We aren't going to stop flying Tudor IV's.
On N. Atlantic Canadairs are better than Tudor IV.
(Skymaster air-france is much more acceptable to passenger)
No diffy. in switchg. back to B. spares & engineering methods.
- H.W. Extendg. period before B. types begin to show a profit.
Prob. not before 10 years. Comet can't fly Atlantic.
We don't know enough about relative merits of Tudor & Canadair.
Dollars – some eventual dollar cost.
- R.S.C. Repaymt. of interest wh. we must pay on investments...

= p'poning payment w'out interest.
War potential: want some bldg. in Canada.

- G.S. But not drawing away from A.V. Roc.
- A.W. Spoke in favour of Tudors. And against B.O.A.C.
- G.S. On under-carriage weight. Haven't sufficient informⁿ to be sure. My people don't think it's a serious danger but it is a risk.
- A.H. A.V. Roc: no civil machine to follow. But they are developing v. important jet 4 engine bomber. Don't want their organⁿ disrupted.
- A. Nothing new in all this discussion. Doesn't influence my recommns.
Was reluctant to come to those concl^{ms} but I adhere to them.
Get Canadairs: improve our services: concentrate on long term types.
- G.T. Favour M/Supply.
- G.S. Experience in flying these routes with B. types.
- P. 22 Canadairs. 25 Hermes. 15 Constellns & ? Strato-cruisers.
This wd. be composⁿ of B.O.A.C. fleet in 1950/52.
- H.M. Cd. Cab. endorse short-term p'mme (Canadairs) & p'pone long-term until Hanbury W^{ms} Rpt. considered.

Agreed.

- A.V.A. No defence argument in favour of A.V. Roc's. For w'in next 5 years we shall have to rely on U.S. for heavy bombers.

Agreed: Support C.A. Ctt^{ee} conclusion.

Courtney Report.

- H.M. Must you publish?
- A. I wd. delay publⁿ until other rpts. available.
- G.S. Diff. to hold it back.
- H.M. Want alterations. ¶81-85 concerned with future use outside t. of r. ¶68 also unnecessary disclosure.
T. of r. shd. be added to Rpt.
- J. Doubt wtr. you shd. try to get Rpt. altered.

P. V. awkward not to have publ^d, before debate.
Agreed: publish Report.
L.P.S. & H.D. to vet Govt. statement.

1. M^r J. Westwood.

[Enter G.S. and H.G. and McN.]

P.M. Record sorrow of Cabinet at death of J.W. and his wife.
Message of sympathy.

2. Berlin.

H.McN. Discussg. reply to Soviet Note: shd. get agreed line this week.

R.S.C. Currency in Berlin. All being hoarded. And E. currency only being
used.
Drifting into diff. posⁿ.

H.McN. F.O. have w. party studying it. Will tell them to get into touch with
Ty.

F.O. & Ty. to study and report.

N.B. Want to tell Doms. what we think of situation. Must now reply to
specific ques. by N.Z.

P.M. Agreed: statement of fact shd. go w'out delay.

3. Iron and Steel Bill.

[Enter Barnes]

H.M. Drew attentⁿ to para. 7. Pro: socialⁿ here will make it easier to work in
collabⁿ with W. Union. Con: in developing argument our
supporters might urge socialⁿ in other W. European countries and
i) Interference with others' domestic concerns.
ii) Upsetting to U.S.A.
May be wiser to omit.

Paras. 18. In our own disc^{ns} these arguments were prominent. But
fundamental to whole disc^{ns} tht. we shd. get good-will of
technicians & management. Owners who aren't active don't
matter: but Co-opⁿ of others is essential. Might add the kind of
argument that would enlist their support.
Industry can say tht. from 1933 on the Govt. of the day shared
responsibility for the industry's policy. Even in 1929/31 Labour
Govt. there was atmosphere of restrictionism, in Govt. circles,
about this industry. Bias therefore in favour of relying on the
positive arguments for socialisation of the industry.

P.M. Para. 7

- E.B.
(via McN) Felt wd. provoke unfavourable comment in U.S.A.
I also feel it may be awkward vis a vis W. Europe.
[Enter H.D.]
- Doubtful therefore wtr we shd. use this argument.
- R.S.C. Not v. important argument. If any diffy. expected, omit it.
U.S. will dislike anyway: but W. Europe might be provoked by this.
Agreed: omit para. 7.
- A.V.A. General discussion.
This wd. prevent me from using arguments employed in 1945 – in steel centres. Wd. dishearten supporters there who are looking for natⁿ. e.g. comparison with U.S.
- H.D. Mixes good & indifferent points. The good need more stressing.
Can't make the full case w'out criticism of the past.
- P.M. O.K. if you distinguish between technicians & the financial control.
- A.B. Agree we must make that distinction. At Party level we can do that earlier in propaganda. Can enlist support or as last good-will or technicians.
But deplore genl. tone of memo. No guts in it. Tories will throw everything in – the most bitter controversy. Are we to go in with gloves on? We fail to placate our enemies or to encourage our friends.
Para 18(a). It was the Govt. which fell in with industry's views.
Can't exempt Summers, Beal etc. on ground they were acting under Govt. dir^{ns}. Why not use Firth incident? I know v. much about it. How cd. I speak at Ebbw Vale w'out mentioning this?
And must I consult H.M. (of all people) before using these arguments?
- [H.M. You can consult G.S. if you prefer.]
- A.B. P. 6. Insurance cos. argument. Naïve. It is because of their powers that they put their nominees in.
We must be free to raise maximum prejudice v. steel-masters in 30's.
I moved rejection of Import Duties in 1933.
- A. I wd. favour makg. some use of 18(b). Want to deprecate financial control from outside the industry.
Shdn't omit to mention substantial subsidy given to industry.
- H.M. Shan't conceal that. But there are others in same posⁿ.
Industry didn't ask for subsidy. It is given to keep down internal price level for general economic reasons.

- G.S. Object of para. 18: warn Ministers not to get into arguments which can be answered, if they aren't specially qualified to handle those arguments. The M/H. has personal qualif^{ns}.
- P.M. Subsidy: shd. bring out the point because don't want to show a loss in first year of socialisation.
- J. Inefficiency. Much obsolete plant. Doing v. well in spite of that handicap. If that's true, shdn't it be brought out?
- N.B. Yes: Duties were imposed on understanding that obsolete plants wd. disappear. And they didn't.
Can't avoid referring to the past. But don't agree we shd. go all out to raise temperature.
- G.S. Industry was in bad way in 30's & were trying to keep heads above water. Did keep inefficient units in being at cost of efficient. Their answer: renewals in 6 yrs. of war therefore industry must be $\frac{1}{3}$ rd inefficient; for plant's life shd. be 20 years.
- A.W. Social obj^{ns} also to closing down inefficient plants.
- N.B. Natⁿ can make them efficient in the old areas.
- R.S.C. Para. 18. Object is to avoid personal quarrels with individuals in the industry. Para. 18(a) allows genl. argumt. re past.
No reason why most of A.B's arguments cannot be used.
Personal attacks might rally technicians to persons attacked.
- P.M. Take line tht. their duty was to shareholders, not to public interest.
Can't allow an industry which serves natl. interest to be under control of a small group.
- A.B. Memo. is bad in tone. We shd. take note, but shd. not approve.
- H.D. The Party is intending to issue a note of guidance. Must be on same general line.
- P.M. General line: distinguish technicians & workers from finance.
Firth. Facts?
- G.S. Struggled for higher prices. I.D.A.C. resisted him. Dangerous to mention unless anyone has really full informⁿ.
- A.B. Didn't intend to mention Firth.
- R.S.C. O.K. for A.B. because he knows about it. But others are warned by this memo. to be careful about these arguments based on the past. Don't damage the good arguments by adding others that aren't so good.

P.M. Para 18(a) is doubtful: for Govt. & industry were acting together.

A.B. Retain only first 2 sentences of 18(a).

R.S.C. Want the warning given in rest.

H.M. Cd. alter wording of second part of 18(a). To make it clear that Govt. & industry were both in it.

P.M. Memo. gives a line. Interpⁿ of it is for Ministers. This is a guide mainly for those who aren't familiar with facts.

H.M. Careful. This is M/S business. Are Ministers to be free to say what they like about his business? If so, we can be free to talk about any other Ministers' business.

H.M. Timing. The less said, before publⁿ of Bill, the better. Don't prejudice 2nd Rdg. speech of M/S.

G.S. Agree. Atmosphere can be built up by Party pub^{ns}. But don't want Govt. case to dribble out before 2nd Rdg.

A.B. I wdn't have dreamt of opening the case before 2nd Rdg.

P.M. You aren't the only person addressed in Para. 2 of covering note.

P.M. After 2nd Rdg. M/S might meet with Junior Ministers.

H.M. Can we agree

- a) Now, to ask all Ministers to wait until 2nd Rdg.
- b) At 2nd Rdg. circulate this document (amended if necessary) to all Ministers, together with any Party documents.

Agreed: as at (a)
review memo. on lines of (b)
M/S to see Junior Ministers.

[Exit H.G., G.S.]

4. Inter-Governmental Maritime Organisation.

B. As in memo.
Convention meets earlier points of Cab. criticism.
Para. 3: had to make some concessions.

Agreed.

[Exit B.]

5. Malaya.

- C.J. Comm. Party proved to be centre of diff^{ies} - murder & dacoity.
 Govt. wants now to have Party declared illegal & rooted out.
Govt. Honk Kong & F.O. don't think repercussions elsewhere contra-
 indicates this.
Latest appreciation of situation. Industrial disputes reduced to one:
 opinion turning to support of Govt. in suppressg. outbreak of
 violence.
Evidence that Comm. Party is responsible for murders campaign.
- H.M. The S/S. must be able to say with confidence that Comm. organisation
 is responsible for murder campaign.
- Agreed: authorise proscription
 {get evidence
 {C.O. statement to be volunteered after P.M.
 { approval of its terms.

1. E.R.P. Terms of Loan.

[Enter W.W.]

R.S.C. 300 m at 3%: no interest until after E.R.P.: no amortisation till '46 & then in 46 instalments. Waiver clause.
Reservⁿ a) Can't pay 3%. They are borrg. at 2½%. Stick on that.
b) Amortisation. Alarmed at blocked a/c – might be £500m. Propose instead consultⁿ if condⁿ arise in wh. we can't pay. & suspend paymt. when we ask for consultⁿ. Think we can get ??? anyway.

Agreed.

2. Parliament.

H.M. Business for next week.

3. Capital Punishment.

H.M. Silvermann asked y'day at Party Mtg. what our line wd. be. I had to say Cab. hadn't decided. He then said, as we hadn't discussed with Party, supporters must be free.
Averse from using Parlt. Act on so confused an issue.

A. Also wd. exclude the useful amendmts. made in H/L.

C.E. Intended to say this change in law can't be made this Session.
Dropping this clause doesn't mean abandoning the ques altogether.
Searchg. debates have prep^d way. Hope Parlt. will consider as a separate issue in due course.

A.B. Political folly to allow this issue to run currently with use of Parlt. Act on Steel Bill. Wd. obscure the main issue.
Pass C.J. Bill w'out provⁿ re cap. punishment. Consider wtr. we can deal with it separately & not under Parlt. Act.
But don't say publ. opinion is re abolition. because H/L.

H.D. Cd. we appoint Ctt^{ee} (inclgd. other Parties) to consider? Shd. not be handled on Party lines. Include e.g. Templewood & a Bishop.

J. Support that. L.C.J. even said some amendmt. of law is required eg on constructive murder. Need some layers – v. complex issue.
Can't defend this Clause. "It was a dreadful Clause when you came to examine it" (!)

H.M. Attractive: needs thought. Composⁿ needs careful thought.

R.S.C. T & r. Don't throw up main issue. Will never get there.

P.M. Trouble will be (to-night) pressure for Parlt. Act procedure.

C.E. Those who have supported abolition for years (eg. Benson) have been loyal & reasonable.

A.B. Cdn't C.E. commit Govt. to exploring some acceptable compromise – w'out promising legⁿ.

P.M. Let C.E. promise to explore, further, possibility of compromise – on basis revealed in both Houses.

H.M. W'out further commit^{mt}. to legislate in this Parliament.

Agreed: P.M. to see draft.

4. British Nationality Bill.

A. Salisbury wants an excuse to w'draw from his opposition.
Can be assured tht. views expressed in both Houses will be exam^d at October mtgs. with P.M.'s.

N.B. No harm in that. Tho' we've said it was discussed at D.P.M. in 1946 & offl. conference later. Better to finish one mtg's concl^{ns} before beginning another.

J. H.O. have sugg^d vaguer formula – discussions at future Conferences.
Hope we can refer to Dec. mtg.

P.M. Related subjects will be under discⁿ & this can arise.

E.B. "Bill & its implic^{ns} will be available for discⁿ if desired"

H.M. We can shall [sic] report to Conf^{ce} on Bill etc., - & there will be opportunity for discⁿ.

E.B. Say, "the debates etc. have bn. reported to Comm. Govts. and those reports will be available for discⁿ if desired by any Comm Govt."
Make it clear to Tories that we can't dictate the Agenda.

R.S.C. After – kept informed. In acc. with practice matter not discussed.

5. Rhodesia: Amalgamation of the Rhodesias.

C.J. Elibank has agreed to drop his Motion after discⁿ with me. Will try to enlighten him before autumn.

6.	<u>Germany.</u>	}	
		}	Not heard
7.	<u>Middle East.</u>	}	

8. Antarctic.

[Enter C.O.S, Hall, J.S.

E.B. As in memo.
Not same insistence now on strategic side of ques. Feel it's better to go for a Conference.
Argentine claim to Falkland Islands will be resisted.
But F. Islands Dependencies cd. go under Con-Dominium.
Ask for approval of para. 7.

C.A.S. F. Islands are essential.
On Dependencies – not essential, tho' desirable, we shd. m'tain our posⁿ. Wanted full survey: haven't bn. able to do that. But prelim^y enquiries satisfied us now tht. no practical possibility of m'taining active mil. base there. Want met. informⁿ from that area however.

N.B. Support F.O. Sorry we had no chance to inform Dom' before U.S. told Argentine & Chile. Interest of S. Africa (whaling) A & N.Z. Only A. likely to be diff. Shd. be able to square Evatt. We shd. also inform Canada because repercussions on Arctic. Condominium shd. meet our met. needs.

P.M. Cdn't Chile & Argentine go into (?) vacant lot.

N.B. Believe its Norwegian.

J. Cd. it be made a condⁿ tht. they abandon their claim to Falkland Islands. Avoid impⁿ of weakness. Cd. go to Court if desired.

R.S.C. That wd. mean bringing Falklands into this bargain.
Better to go on refusing to entertain any claim to Falklands.

J.S. Whaling at Deceptⁿ Island. Can lease be granted before talks begin?

A.V.A. Will this act precedent for all our possessions in W. Hemisphere.
E.g. B. Honduras, who want a conference rather than ref^{ce} to
Internat^l Court.

E.B. What wd. you do?

A.V.A. You have offered the Internat^l Court. What then?

E.B. Means fighting. Are you ready for that.

P.M. Distinguish between these icebergs & settled territories.
A.B. Posⁿ is tht. 2 countries have refused offer of arbitⁿ by Intern. Ct. Shd. we not go to U.N. Russia will be affronted by this plan for international co-ercion.

N.B. Doesn't compromise our posⁿ. Trusteeship idea of U.S. wasn't made public. Condominium won't seem odd for uninhabited country.

A.B. W'draw if original U.S. idea of Trusteeship hasn't been made public.

A.V.A. I don't w'draw my views.

J. I don't like it either.

P.M. Then do you want to send R.N. to remove settlers?

E.B. And U.S. are going to propose this. What do we say?
Why does A.V.A. dislike welcoming U.S. into Antarctic when we welcome them into Europe?

A.V.A. Don't concede the principle you want to uphold in respect of Falklands.

P.M. Not the same thing.

J. So long as A., N.Z., S. Africa are bought in....

R.S.C. Only prestige point: had gt. diffy. in persuading Doms. to send a ship.

N.B. Better service from a Condominium.

C.J. Insecurity in F. Islands because pol. ambitions in Arg. and Chile.
A more (in disⁿ of memo) will re-assure them.

Agreed: ascertain views of A., N.Z., S. Africa & Canada and go ahead with this plan if they agree.
If they don't agree, Cabinet must consider again.

A.V.A. May results of this consultⁿ be reported to Cab?

P.M. Whaling lease: F.O., C.O. and M/F. to consult.

14. Economic Affairs.

R.S.C Wages.

1. Parliament.

- H.M. Motion to-day of thanks to Campion. Hope Ministers will be there.
12.10. Friday. Royal Commⁿ. Ministers shd. be present.
- A.B. Talked with Victor ????? (?) Discussed U.S. housing: may be asked
to go to U.S. to talk of Br. pre-fabrication. Shall I go?
- E.B. May I be consulted? Election year.
- A.B. Will help with R.S.C.'s Council on industrial efficiency.

2. King's Speeches.

- H.M. Thanked J. for his help.
Prorogation. Can I settle with P.M. final terms – liberty to bring to
Cab. then if need be.
Some drafting amendmts. to be made.
- R.S.C. Add reference to Eire Agreement, if it is signed. May be ready for
signature at end of week.
- A.W. Has para. 28 bn. cleared?
- H.M. Will be amended.
- H.M. Opening Speech. Acceptable to the King.
- A. de la Warr wants to know if we will accept Motions in short Session.
- H.M. We want to adhere to plan tht. Parlt. Bill is sole business. Motions in
H/L. may provoke H/C. to wish to discuss other business.
Outside real emergencies, want H/L. to resist discⁿ of other business.
- A. We shall be waiting.
- H.M. Even so, try to keep them silent. See how we go.
[Exit W.W.
[Enter G.S., P., A.H.

3. Civil Aviation.

- P.M. We deferred final approval of long-term p'mme pending H.W^{ms} report.
- A. These machines already ordered. New procedure might apply to
modific^{ns}.
- H.M. Pretty well committed to long-term p'mme by P.'s speech in H/L.

- Was doubtful about sea-planes.
Right course wd. be to approve p'mme in principle w'out excludg.
possibility of argument by Corp^{ns} re modific^{ns} etc.
- H.D. Agreed to Canadairs on understandg. that this wd. be sole deviation
from 'Fly British'.
- C.P. 191.
- A. Welcome report in principle. Doubtful only about applⁿ to
prototypes. Para. 39 onwards. Corp^{ns} cdn't build up research
establ^{mts} etc. created by M/S. Beyond their financial powers.
This goes a long way. Further than I expected.
Paras. 28-30. Testing etc. wd. remain with M/S. Don't see how
other development work cd. be done by Corp^{ns}.
Short of bringing Corp^{ns} into developmt. sphere I like this Rpt.
C.A. Ctt^{ee} might prs. examine it in detail.
Need for early decision.
- P. I like Rpt. Puzzled also by para. 39. But may be able to find a way
of drawing the line in the right place.
Under Act I am statutorily respons. for design, developmt. etc. of
civil aircraft. If grant made for that, it shd. be on my Vote.
Need to fix Ministerial responsibility.
- R.S.C. Have h'to considered M/S. shd. keep it because link with military.
But Rpt. makes out good case for prodⁿ orders.
On prototypes believe Rpt. is impracticable. Involves govt.
putting up unlimited money for Corp^{ns} to spend as they like.
What is wrong with more limited scheme put fwd. by Corp^{ns}?
Do they want more than this? Cd. they work more than this?
Esp. at moment of new departures like jets etc.
Prefer therefore to accept Rpt. on prodⁿ orders: Corp^{n's} views on
prototypes.
- G.S. Agree with R.S.C. Don't believe Corp^{ns} cd. undertake responsibility
for developmt. work on civil aviation.
This is only new suggⁿ in Rpt.
Ques. for decision is at what stage do Corp^{ns} put in prodⁿ order?
- P.M. Details need considⁿ by officials.
Must pay attentⁿ to advice from business men.
- H.D. W^d be happier if I had more confidence in Corp^{ns}.
Power to order must not = power to violate Fly British.
- R.S.C. No. This = power to order British.
- A.H. Support M/S. W^d be retrograde to give this power to Corp^{ns} in relation
to prototypes. Can't divorce prototypes from production types.
- A.V.A. Support first 4 paras. of G.S. memo.

- A.B. Can you have duplication of auth^y over prototypes? Fantastic.
- H.M. Real diffy. is when does prototype end & prodⁿ work begin.
Can we agree in principle tht. Corp^{ns} be respons. for prodⁿ types.
Allow officials to work that out.
Also allow them to work out how prototype responsibility
x/ cd., if desired, be given to Corp^{ns}.
- A.W. £30 m. expense on r. & d.
Ordering = foresight 10 years ahead. Want for that all the
scient. advice of Govt. Dpts. Corp^{ns} can't reproduce that.
Trouble = goodwill needed betwn. Corp^{ns} & M/Supply. That is
lacking.
Disposⁿ of Corp^{ns} to buy U.S. aircraft off the shelf.
I cdn't persuade Corp^{ns} to order Ambassadors. They now want
them, when they have flown.
- P. B.O.A.C. are our creatures. Useless to blame them: if they are
at fault it is my responsibility.
- E.B. Corruption: U.S. pressure to buy Constellations.
We must be clear what we are doing.
- R.S.C. I couldn't agree in any circs. to giving Corp^{ns} freedom to spend
money on prototypes. No need therefore to go into x/.
- P. But see para. 47. This isn't carte blanche for Corp^{ns}.
- R.S.C. No veto power to Govt.
- P. You cd. add that if desired.
- P.M. Officials to review implications on basis of adopting this procedure.
Then to C.A.C. Then to Cab.
- R.S.C. Why go beyond Corp^{ns} own proposals?
- P. V. well. Apply principle to prodⁿ types
y/ Corp^{ns} proposals " prototypes.
- G.S. And consider where you draw the line.
- Agreed { officials to do y/.
 { submit report to S.I.M. Ctt^{ee}.
 { Then Cabinet consider.
- A. Drew attⁿ to 49.
Corruption: agreed no ev^{ce} yet to warrant enquiry.
Care shd. be exercised.
49 shows it's not only on side of Corp^{ns}.

[Exit G.S., P., A.H.
[Enter H.H.M., J.G.]

4. War Pensions.

General discussion about Dutch auctions – pressure all round for more money for all sorts of people.

H.M. Debate to-day. What is to be said?

H.H.M. Tory campaign. Centred on basic rate in order to distract attentⁿ fr. improvemts. made in special allowances.
M/N.I. comments. “inadequate.” I didn’t say so. Only in relⁿ to unemployable (para. 3). Don’t put the rest on grounds of need. Don’t quarrel with (b).
Para. 7.(1). We shd. not admit this. I never will. We have never related w. pensions to need. We advance it only on grd. tht. more money is to be given to miners & war is at least as disagreeable as coal-mining. Equally, I don’t dispute 7(2). I don’t want to overlook contrib. of miners’ scheme. I wd. say this is the supplementary scheme for warriors – who will otherwise have no supplem. scheme in the main.
Might help us to recruit for Forces.
Mine are modest proposals.

J.G. From outset w. pensioners have had advantages.
i) Disablement pension carries propⁿ paymt. to wife & children. Even with suppl. scheme miners won’t do [as well] any better.
ii) In 100% case, full duplicⁿ allowed for family allowances. Larger the family the greater the disparity.
iii) Comparisons always made on basis of paymts. to privates. All in industry are on basic rate.
Admit case of unemployable. Confine it, if anything done, to that case.
All the rest must be discussed in detail. To avoid any more disparities. Want a small Ctt^{ee} for this.

R.S.C. The general 5/=.
Comparing diff. things. W. pensions never justified by c/living. Other allowances have.
Only 43.000 w. pensioners are not getting wages. 94% are. 5/= won’t relieve this pressure for 90/= etc. Might even increase it.
Any concession shd. be limited to unemployables (certainly) and unemployed (perhaps).

H.M. Worried by claims & counter claims. M/Govt. defective.
Not as good as l.a. co-ordination over allowances etc.
The argument of miners suppl. scheme must be rejected outright. Not 1^d of it comes out of public funds. We must be firm tht. it doesn’t justify other classes making claims on public funds. We

must say it has no reliance.
May be a case for looking at particular grievances.
Make a stand against the rest.

- A.B. Demagogy by Opposⁿ. If one class is to get more, he shd. get it from those who can best afford it. i.e. surtax-payers.
Admit their case & say we will levy more surtax to pay it.
That will stop the Tories.
- R.S.C. Impossible to allocate part of a particular tax to particular purposes.
- A.B. You can do it notionally.
cf. Petrol tax for Road Fund.
Must find an argument for our supporters.
- P.M. Mustn't be rushed into a decision because Tories want a debate.
- H.H.M. Why is there no supplementary scheme for w. pensioners?
- P.M. Irrelevant.
At all times various ind^{ies} have had suppl. schemes. Must State always equal them?
- E.B. Service-men can't contribute – in short service. They are provided for differently altogether.
Agreed: the argument based on miners supplementary scheme must be rejected entirely.
- E.B. Can't he say tht. he is considering unemployable and unemployed.
Agreed: some concession to unemployable.
M/P. to consider case of "border-line limbless men": by way of allowing more earnings to be disregarded.
- R.S.C. If on merits there are some who aren't reasonably off we shd. do somethg. for them.
- H.H.M. The 3 cases are equally deserving – para. 13. (2) (3) and (4).
- R.S.C. I can agree to 13(2).
On 13(3) – form isn't right. Shd. be for men with dependants who have lost wages in order to go into hospital. Apply it to the dependants.
- H.H.M. I will consult Ty. on that.
- R.S.C. Diffy. over 13(4) is that it is justified on c/living. Invites comparison with industrial widow. They now get more. If you widen that disparity you will invite claims for industrial widows.
Try to meet diff^{ly} the particular case of the 1914 widow whose

children are now adult.

Agreed: limit concessions to-day to 13(2) & (3).

13(2) shd. not go above 30/=.

Main line in speech: defensive, critically refer to 1919 etc.

We have constantly watched this & other ques. & decided
(apart from pressure) these 2 things.

Agreed: L.P. Ctt^{ee} to consider
repercussions generally.

[Enter J.S.

[Exit H.H.M. &

J.G.

5. White Fish Industry.

H.M. Procdgs. of Ctt^{ee}. Had to ask interested Ministers to w'draw.
Fisheries Ministers wd. have liked to go further – esp. to
appoint Fishery Prodⁿ Bd. May be a stronger case for that later.
Pl. accept this & don't argue any more.

J.S. I accept.

T.W. Don't think these recomm^{ns} are worth putting in a Bill.

H.M. That is a new point. If you don't want Bill, don't have it.

A.W. I wd. rather have this than nothing.

R.S.C. Unworthy.

T.W. Grimsby near: middle fishers are losing money now. They won't
build new trawlers, even with loans.
Age of fishing vessels. Shows we need a more vigorous plan.

N.B. These proposals wd. help surely. Otherwise they must go bust
altogether.

A.B. We have done a lot of work on this. The Bill wd. have considerable
merits. And wd. pave the way for further steps.

R.S.C. cf. cotton industry. Steps to encourage them to modernise.

T.W. I am against this Bill because think we shd. be ridiculed.

A.W. Diff^{ce} of opinion can't be reconciled w'out practical test.
Let us make a start with this. And see practical result.

E.B. This ought to be under a single Dpt. Divided responsibility is
the trouble. I believe M/F. shd. take over whole thing.
Agreed. Proceed with Bill.

H.M. Proposal at foot of p. 4. M/Ag. is against White Fish Executive.
We can consider that.

Agreed. Look at Departmental responsibility.

1. Headquarters of U.N. Organisations : Location

- R.S.C. ... Strong line in favour of Europe. Failg. that p'pone.
- H.M. Was originally inclined to view tht. all agencies shd. be together, with common secretariat. Hasn't worked out that way.
Think F.A.O. shd. be in Europe. If so, where? Attracted to Italy – need to lift Italy up : large agric. interest : politically advantageous.
Shdn't be dismissed.
- C.M. F.O. view : substance – reason for U.S. co-opⁿ : agree with M/F.
P'pone merely to get good U.S. offer on accommⁿ.
Don't think F.A.O. in W'ton wd. mean I.T.O. has to be in U.S.
U.S. have now accepted idea of distributg. these agencies.
Agree there are arguments each way : but on balance favour p'ponemt.
If Europe : Copenhagen via Rome because internat^l organ^{ns}. have not done well – bad Ital. staffs and subordinate to It. interests.
- P.M. Agree with R.S.C. – both financially and also because of apparent subordinⁿ to U.S. – both arguments v. concentⁿ in U.S.
These strongly to keep some agencies in Europe.
- H.D. Support Europe. But lean twds. Rome. Italy is U.S. pet : more likely to get U.S. assent.
- A.B. Deplore tht. none are in Ldn. Failed on W.H.O. because cdn't provide accommⁿ.
Argument settles on Copenhagen. Rome is spiv's city, under Vatican influence. And double rejⁿ makes it too internat^l – pressure groups.
Favour Copenhagen.
- A.V.A. Not Rome until at least Colonies etc. settled.
- N.B. Rome is least desirable. Old agric. organⁿ did not good in Rome
Internat^l organⁿ doesn't buck up a country – merely gives more knowledge of defects.
Don't want dollars to dictate long-term policy.
Two U.N. Hqurs. now – N. York and Geneva. Advantages of concentⁿ admin^{ve} costs etc., so obvious tht. various agencies have moved to Geneva (eg. transport. W.H.O.)
Can't get F. and Ag. to work unless head people meet often. If separate, req. office in other.
Favour one or other of U.N. Hqurs. Prefer N. York. Don't think pressure group argumt. amounts to much. eg. Jews over Palestine : have achieved nothg.
- P.M. Dissent from that.

- A. Long-range interest must be to bring substant^l propⁿ to Europe.
Criticism tht. we are subject to U.S. dominⁿ.
This applies particularly to I.T.O.
- C.J. Endorse view of P.M. and R.S.C.
Better not Rome. Prejudice v. Italians in all African territ^{ies}.
- G.A.I. Support R.S.C.
- J. Copenhagen.
- P.M. Europe as v. U.S.A.
Copenhagen/Rome : arguments evenly balanced.
Thus, try for p'ponement.
Support Europe.
On Europ. site; argument for siting in more settled countries. But don't
come down flat for any one Europ. capital. If Italy, prefer Milan.

2. Steel Bill.

- H.M. Present Wed^y : publish Friday.
Presⁿ excluded steel from debate on Address. Precedents for this. May
be challenged. Opport^y for debate on Bill itself.
- A. Won't prevent discⁿ in H/Lords. Noted.

3. Private Members' Time.

- H.M. Contemplatg. 7 days for 2nd Rdgs. and 3 for Rpt. and Third Rdgs. if
needed. They may ask for 10 days anyhow and use balance for
Motions.
- P.M. Give them 10 days. 7 days for 2nd Rdgs. and use other 3 for further
Bills if no Rpt.
- H.M. Looks silly. Offer 7 for 2nd Rdgs. and further 3 if requ^d for completion.
- A.B. Then you can't block after Ctt^{ee} stage.
- R.S.C. Must block at earlier stages.

4. Compensation for Ministers Killed or Injured on Duty.

- R.S.C. Anomalous posⁿ. War-time practice (introduced in specially hazardous
times) cont^d in one or two cases. But i) applies only to flying ii)
private insurance cos.

Ques: as in memo. No gt. principle involved. Somethg. to be said for insurg. Minister as any other servant of Crown.

Not much in favour of extendg. Injury Warrant to Ministers just for this single risk.

Wd. prefer tht. Govt. shd. carry own risks or go on using outside co. If second method, no publicity needed. If first or Injury Warrant method, legⁿ. will be needed.

- P.M. What of M.P.'s – servg. State and earng. salary and exposed to same risk.
Any payment ever made?
- R.S.C. Briber.
- P.M. Why treat air accidents specially?
- R.S.C. Because it's being done.
- P.M. Bring it to an end : special war risk was special reason for doing this exceptional thing.
- H.W. M/F. scheme gives 2 yrs' salary for £1 premium.
Why not let Ty. take that over and make it automatic.
- R.S.C. Scheme limited to Ministers wd. be expensive.
- H.D. Political idiocy to legislate on this.
- P.M. Our salaries are subject to being cut off by events quite other than accidents.
- A.W. Why not a comprehensive scheme for M.P.'s – all accidents and all Members – and let Ministers be included.
- R.S.C. Not Ty. scheme.
- A.B. No : let Ty. find out what a private co. wd. do. L. Govt. Bill empowered l.a.'s to do this, for members and officials.
- G.T. Revert to pre-war practice. Risk of falling out of office is much greater than falling out of an aeroplane.
Minister who flies can take out insurance if he wishes.
- A.V.A. You pay the expenses of a travelling Minister. Surely insurance is a part of the expense.
- H.M. Then you must do the same for M.P.'s members of Estimates Cttee.
They are sent on behalf of Parlt.
- J. Don't do anything overt at present time.

R.S.C. Do we stop existg. practice? Shd. stop it or regularise it.
Agreed : discontinue existing practice.

[Exit J.

5. Cost of Information Services.

R.S.C. Gettg. up to figures which are open to criticism.
Shdn't go beyond this. Any extension (eg. in foreign services) shd. be
at expense of cutting others. We are at the ceiling.

H.D. We are thro' the roof. This expend^{re}. isn't defensible.

N.B. Cttee of 3 Junior Ministers to plan a 3 yr. p'mme. We shall consider
economies.

R.S.C. Fin. Secy. to sit in with this.

N.B. Agreed.

C.M. E.B. distinguishes betwn. home and overseas. It is home wh. is open to
attack.

Have considered economics : found none possible. E.B. thinks indeed
there are gaps to be filled. Eg. Col. b'casting and C.R.O. point. Cold
war : also Britain in unique posⁿ to reply (U.S. aren't in moral posⁿ to
do so). We are in an unprecedented posⁿ not excessive, related to
defence expend^{re}.

H.M. Home Services. Cttee is at work. Endorse this action. Staffs tend to
grow. Enquiry will help Ministers.
Overseas : don't challenge genl. case. But is there genl. supervision.
Eg. Paris Embassy : What have we got out of it. Can given exp. be
ended to make room for new. B. Council : what is it doing. Home
Ministers havg. agreed to enquiry, why shd. overseas be left out.
C.R.O. and C.O. content. Shdn't enquiry go on to overseas.

P.M. Consider later on what form of enquiry needed on overseas.

Junior Ministers' Cttees to suggest form.

1. Parliament.

[Enter W.W.]

H.M. Business for next week.

W.W. Debate on Address. Spkr. thinks 2 days for Oppⁿ. amendment. Pres. this wd. cover economic debate. On reflectⁿ. he was inclined to think sep. econ. debate Mon. and Tues/Wed. on natⁿ. generally.
Latest view : Defence on Mon : Oppⁿ. amend^{mt}. Tues/Wed. of which Tues. wd. be economic.

R.S.C. Can't have my econ. debate (explⁿ. of 4 White Papers – OECC etc.) on Oppⁿ. amend^{mt}. Wd. have to do it separately : later.

H.M. Or earlier : tomorrow or Mon.

P.M. Spkr. is trying to run 2 Oppⁿ. amend^{mts}. if proposg. debate on Defence. I favour econ. debate Mon. and Oppⁿ. amendment Tues/Wed.

H.M. Agreed : other members can refer to Defence m'while.

E.B. Unfortunate to discuss W. Union at this stage, Cab. hasn't had my report. Want a considered policy, not merely my "sugg^{ns}."
Don't want it mixed up with Debate/Address.

P.M. Then don't answer W.S.C. if he speaks on this ques.

A.B. Agree. E.B. can't be rushed into firm declⁿ. of policy. But dangerous to allow too long an interval betwn. a W.S.C. speech and a Govt. reply. Allows him to capture initiative too much. Shdn't a Govt. spokesman say something – even tht. it is ill-timed. irresponsible etc.

P.M. L.P. shd. follow W.S.C. today and deal with W. Union on these lines.

E.B. My genl. line has bn. to confine myself to position statements of Govt. policy and to avoid polemics with W.S.C. or others. Same policy in economic affairs has produced good results.

A.B. Agree in genl. but W.S.C. is in specl. posⁿ. in world opinion. You can say eg. there is inconsistency betwn. Curzon Line argument and criticism of our giving independ^{ce}. to India and Burma.

Agreed – procedure as above for today.
can't have econ. discⁿ on Oppⁿ. amendment.
(Press Spkr. to give one more genl. day on Mon.)

2. Tribunal of Enquiry.

- C.E. Names. Lawyers' advice in favour of Linskey. Risk of impⁿ tht. he is Jew. L.C.O. strongly recommends him as best available.
Not actively assoc^d with politics.
L.C.J. will do it, if asked. But thinks that wd. unduly stress its importance. Much in that.
I therefore favour Linskey unless Cab. feel v. strongly against.
When Judge is chosen, shall consult him re others. Think. Russell Vick Chairman of Bar Council and Gerald Upjohn Chancery Counsel.
- J. Concur.
- R.S.C. So do I.
- A.B. Guidance to Press re Linskey.
- C.E. Yes.
- P.M. Point of Lord Simonds.
- J. Will say in H/L. tht. Tribunal will bear in mind what was said on this by Budget Leakage enquiry.
Strong feeling among Judges tht. A.G. shdn't take lead in x-examⁿ.
Public wd. feel we wdn't press his Min. colleagues. He shd. be present, but shd. leave conduct of "Police" side of case to another leading counsel.
- H.M. I strongly agree. Also awkward as betwn. members of this Govt.
- J. I haven't discussed it with him : he is entitled to his own view.
- E.B. He has Corfu case also, before intern. Ct.
- J. The other counsel wd. be under his inst^{ns}.
- F.S. He intends to start Corfu case and hand over to me on 12th Nov. or so he inclines to think tht. we shd. conduct the Tribunal case – tho' he is exercised as to how far we shd. x-amine colleagues etc.
He thinks tht. if he doesn't do it Govt. may appear unable to use own A.G. – suggests complicity.
- H.M. Awkward among colleagues. Also for subseqn. crim. procdgs.
- R.S.C. Counsel must form view as to who is telling truth. May give impⁿ he is against Ministers and pro alien or pro Ministers against alien! Either way it will be open to misconstruction.
I think he shd. appear – say he is available to help but thought another counsel shd. conduct it. He wd. open and leave x-examinⁿ to the other.
If Tribunal then asks him to do it, he can. They prob. won't.

Agreed : Cab. view to be commun^d to A.G. – by S.G. and J.

3. Commonwealth Relationship.

P.M. Early history in memo. Since then much has occurred in talks.
Problem : how can we accommodate w'in Comm. Countries wh. can't accept full allegiance to Crown.

Eire: intend abolish E.R. Act, and have declared not a member. At same time want close assocⁿ and reciprocal rights. They thus want to leave the club and yet retain all privileges. Risk of m.f.u. challenge.

India: in and wants to stay in. Some time ago, however, comm^d themselves to sov., indep., republic. Problem : how far can that be made compatible with conting. membership?

Their mood has changed : want now to stay in : want to find ways and means.

Discⁿ with Eire Ministers at Chequers 4 Comm. countries were rep^d.
Examd. practical consequences. Diff^{ies}. if

J. No doubt in law that Eire will be out India
My view now is provisional only. Want further consultⁿ with L.O.'s when I know the facts.
Better if we have ascertained views of other members and can say they agree.

P.M. We discussed informally with some Comm. Ministers. To get Eire ques. away from old U.K./Ireland atmosphere. India too because diff^{ies}. with Oppos^{ns}. etc. over attitude of Crown.
Genl. view of Doms. was we shd. try our best to keep people in.
Didn't take the line tht. we shd. have compact small Comm.

R.S.C. "Times" this a.m. Might, if it went further, make big diff^{ce}.
Must regard posⁿ as quite fluid. Nehru is anxious to keep India in.
When we get his 10 points, we ought to have straight legal view – tho' pol. decⁿ. needn't be wholly bound by it.
Must do utmost keep India in. V. awkward if P. is in and I. is out.

N.B. Endorse P.M.'s remarks re views of other Comm. countries at mtg. Chequers. The others all sought means to keep Eire in. eg. last remarks by St Laurent; on citizenship link. Eire haven't risen to that. They are comm^d to being "out". Fraser Evatt and prob. St. Laur. now accept that. But want best poss. friendly assocⁿ Irish think citiz. and trade cd. go on as now. I doubt it.
Hope L.C. will consider a) m.f.u. b) Statute of W'minster c) other U.K. domestic legⁿ – on basis of what is proposed.
C.R. Cttee thought minimum was Crown ques external relation. India won't now accept that. Want to avoid controversy over Crown.

Careful thought – tho' with basis of keeping India in. M.K.'s view tht. Crown shdn't be allowed to be an obstacle to membership.

P.M. Nehru now in Paris. On return to India will put 10 points to his Cab.

R.S.C. If we say it's worth his while.

P.M. Then he has Party Conf^{ce} and Const. Assembly. Decision therefore before end/1948. Shot across with Kashmir – wh. makes it more diff. for him to handle his Party.
First thing : get legal opinion.

E.B. a) I must be careful about m.f.u.
b) If connⁿ is too loose, may it not affect what we do with real members : eg. on exchange of (security) informⁿ

P.M. Indicated roughly what Nehru's 10 points are.
Design wd. be : to build up a no. of small links justifying combⁿ tht. India is not foreign and can legally be treated as a member of Comm. Nexus based on a no. of small points.

A.W. Judicial Cttee of Privy Council?

R.S.C. That wd. go.

A.B. We can't reach dec^{ns} until we know what Nehru can get across.
We shall have to consider posⁿ then.
What does stand out is – we cdn't allow Eire to stay in on any terms less than India.

P.M. We may have to give Nehru tentative view on his points.

R.S.C. We ought to tell him at once if we think this sort of thing is out of the ques. If we don't think that, we shd. encourage him to go on.

P.M. Diff^{ce} btwn. India continuing in – and some country coming in.
Onus is different.

E.B. Preference side will have to be examined. Diff. to resist m.f.u. challenge.

A. Encouraged in my impression.
Other Doms. emphatic tht. we shdn't be legalistic. May have to cast about for new links. Some of Nehru's points seem to go a long way. Eire must be a separate ques. Mark time on that. Other Doms. want us to patch up somethg. on this.

P.M. Can you? What about Ulster? P.Q.'s today. Suppose they repeal : we shall be asked to say "yes or no" wthr. E. is foreign and wthr. we propose to extend privileges etc. to f. country. What do you say?

- A. Temporise.
- C.E. Also applⁿ. by Eire to intern^l. Ct. to end Partition.
- A.B. Cdn't we ask Eire to p'pone action until after India ques. settled.
- P.M. They've said already they aren't members. Comm^d. to it. Can't hold it up.
- A. Even so, delay fixing up some other assoc^{ns}. until India settled.
- P.M. Agree, but how long can you hold it because N. Ireland will act. They will ask wthr. Irish are entitled to a vote. Our own Tories will ask about Lpl. and Glasgow.
- A.B. Need to put an argument in mouths of our friends in Eire. Eg. a solution for India which might be useful to Eire.
- H.M. Can't we tell them there is no way out – these diff^{ies}. are inevitable.
- P.M. Doubt if we cd. get Can., Austr., and N.Z. to support that approach. They want us to ease off all the diff^{ies}.
- H.D. Deal separately with the 2 ques.
More important to keep India in.
Hope lawyers can patch up somethg. which will stand up v. foreign challenge and not give offence to Indian opinion.
- E.B. M.f.u. G.A.T. was concluded on basis tht. named countries were members. of Comm. When one isn't any longer, posⁿ. will be challenged.
- J. Refer to L.O.'s the m.f.u. point about Eire.
- E.B. Both G.A.T. and the Argentine.
- P.M. And reciprocal arrangmts re. nationals.
- H.D. Wd. loss of preference with Eire matter? No great concern
- C.E. Other troubles, however – eg. land frontier.
- A.V.A. How do we build up opinion m'while in relⁿ. to Defence.
The 6 countries enables us to win B/Atlantic. Essential tht. they shd. remain in U.K.
- A.B. Then we must check growth of Catholic popⁿ. in the north.
- E.B. I believe this is a well thought out part of Partition campaign.

They might now get into U.N. Then they will take Partⁿ to U.N.
Pressure from U.S. because of Irish vote. Believe they know quite well
what they are up to.

R.S.C. On A.B.'s suggⁿ don't put ourselves in bargaining posⁿ

N.B. Cd. Dpts. now prepare a) draft statement of consequences, to be
put to Irish.

b) How wd. we mitigate consequences to
ourselves.

P.M. We ought to put a) to Eire Govt.

A.W. Told Eire Govt. are under pressure to do this. Presumably from I.R.A.
Are I.R.A. paid by Russia?

E.B. Don't know.

A.B. If E. goes foreign U.K. will be involved in positive defence of
Partition.

Effect on next Election.

4. "British Commonwealth" Title.

N.B. "British" dropped fr. communiqué. Genl. Comm. support for use.

1. Parliament.

[Enter W.W. and W.P.]

P.M. Congrats. to all on Debate on Address.

H.M. Business for next week.

P.M. W.S.C. was wishing to ask P.N. Ques re S. Sessions. Dissuaded him on promise to discuss. Awkw. moment : also Comms. are now v. war. But little has leaked from S. Sessions. I'm not keen on resuming them. We shd. think it over.

2. Wireless Telegraphy Bill.

P.M. Right of entry provⁿ will cause gt. trouble.

P.M.G. Bill a) makes permanent legⁿ wh. has bn. in force since 1904. Appliances for domestic use, medical, and industrial 40.000 complts. p.a. re dom. interference. We now try to deal with it by asking permⁿ to inspect, and advise how to put things right.

P.M. Advice often involves cost?

P.M.G. Yes : a suppressor. But sometimes we can't enter or can't get advice accepted.

P.M.G. More important source – radar and landing beams in airports. Diathermy in hospitals and industrial plant may interfere with airport radar control. Want powers because of that also. That will be larger problem.

P.M. Better to require suppressors to be att^d before sale. Steam-hammer for nut.

H.D. V. ill advised politics esp. in latter years of a Parliament. What sanctions?

P.M.G. No offence until a no. of things have gone on.

A.B. Short wave : little used in private houses. You cd. stop most at source by modifⁿ of equipment before sale. Wd. take time to work it thro; Interf^{ce} due to ill repair cd. be handled by repair at P.O. cost.

P.M. What happens in eg. U.S. and Sweden where so much electricity used? When we switched over to a.c. State paid.

R.S.C. Extension of old law of nuisance, to neighbours.

- J. But compulsory entry introduces a new element.
- H.M. Magistrate's Order : notice in advance. Cl. 14. This came to H.F.C. P.O. will administer carefully. Appliances not in ample supply.
Ques. : shd we go to 2nd Rdg. and consider amend^{mts}. before Cttee?
- P.M. You won't get away with promise to be careful in adminⁿ.
- E.B. Can't you get at this thro' servicing visits. Public needn't pay.
Don't like idea of climbing down publicly over this because of air accidents.
- A. Limit it to diathermy and industrial, wh. is what interferes with radar.
- N.B. If State cd. pay, we wd. be able to tackle this thro' servicing and advice.
Not enough to leave it to manufrs.
- R.S.C. a) Compel manufrs. to fit. b) Limit entry to large user and exempt private premises. Tho' it wd. have to cover diathermy even in private houses. Offer to limit it to that.
- H.M. Why not tell Parlt. there is a dilemma here. For there is the interest of the listener to be taken into a/c.
- A.W. Right of entry for water leakage etc.,
- A.B. Yes, since Disraeli's day.
- P.M. In any event I'm inclined to think alterations etc. shd. not be at expense of user.
- H.D. So am I.
- Agreed : proceed with 2nd Rdg. on above basis.

[Exit W.W. and W.P.]

3. North Atlantic Treaty and Western Union.

- E.B. Para.14 a) N. Atlantic Treaty.

Important not to include econ. and social aspects. Don't want defence linked in U.S. with E.R.P. Canada suggested this, for presentⁿ. presumably. but I think it wd. be unwise.
Sweden etc., may be better to have Scandin. arrangemt. rather than bring them in to this. But we can't settle that : must come after discⁿ. in W'ton.

Italy : Def. equipment limited : don't want to diffuse it : Italy might become liability.

Reg. Pact under Art. 51. But allows for area, wh. has always had to operate together, to get co-operative effort working. Foundⁿ for world wide agreement.

N.B. Pearson – long talk : didn't mention econ. and social. Will agree with E.B. He did however want Ministerial mtg. to be held until offl. talks have shown Treaty will be signed.

E.B. That's what I intend.

N.B. Eire, if invited, will raise Partition at once. Makes a diffy.

A.B. 14(c) Portugal.

E.B. Vital because of Azores. And defensive agreemts. with U.K. and U.S. already. S. Atl. otherwise open to subs.

A.B. But not a democratic partner in W. Union. Short step to Spain. And then idealistic basis of W. Union is lost.

E.B. Oldest ally. Brought in over Africa. Worked in with them in the war.

P.M. Diff^{ce} betwn. Salazar and Franco.

A.B. Mainly because he didn't have to fight for his power.

E.B. If R. wd. enter world settlemt. I wdn't sneeze at their system.

A. Para.14(b). And on next page ref^{ce} to supplies. Will they be Land Lease: will they interfere with E.R.P.? We want assurance in advance tht. they won't pro tanto diminish E.R.P.

E.B. I've insisted throughout on separation from E.R.P. But I can't guarantee eventual decⁿ of U.S. Congress.

A.B. Need we have Portugal?

H.M. Must be realistic about this.

P.M. This is under U.N. which includes all sorts.

A.B. Portugal is de minimis : included in O.E.C.C. on λάυθανιεν [sic] basis. Even France hasn't found it necessary to take the point publicly, as they did over Spain.

N.B. Eire less important if Portugal and Iceland are in. Leave them out?

- E.B. No : if they seek to raise Partition, I can say I won't discuss it. Doesn't worry me.
Cdn't offer to Iceland and not to Eire. That wd. be wrong.
- A.B. Cd. F.O. give us a study on internal situation in Portugal. To give us material on wh. to meet criticisms. Agreed.
- H.W. Denmark. Their P.M. spoke to me in Copenhagen, makg. clear their attitude viz., want Sweden in first. But if U.S. came in they wdn't be so anxious to wait on Sweden moving first.
- P.M. Finns hope Sweden will come in : then they can stay with the West.
- E.B. Care not to guarantee anyone you can't in the end protect.
U.S. are inclined to go too far.
- Agreed.
- b) Western Union.
- E.B. Crucial point is – keep control in hands of Govts. Parly. Assembly, as Fr. wanted, wd. be responsible to none and embarrassing to all. Got them off that. They then countered with argument “France has bn. occupied : defeatist (tho' they don't say so in terms): can't we do somethg. to raise morale? I came to conclⁿ with no constitution – modelled on Comm. mtgs. (France in trouble enough with her own constitution.) Comm. relations wd. make more diff. our entry into formal constitⁿ arrangemts.
Against that, Comm. – organised and disciplined. We don't want that. Schumann said he wd. have to bring in Parliamentarians. And he has done, from today's Press. But it's all Parties supportg. his present Govt.
Plan : meet to consider and report to Govts. – on form and scope. If we do nothing, supporters of W. Union will feel let down.
Scope. O.E.E.C. takes 19 countries on same basis of comm. interest. Scandinavia won't come into this. But shd. Italy. Switz. etc., not for defence (Brussels Powers) but qua common interest.
Hostility betwn. G. and Fr. Can't recover w'out getting rid of that. Schumann has bn. moving in that direction more than Bidault, who had de Gaulle in his mind and tended twds. a Clemenceau attitude.
- N.B. Endorsed.
- Need for somethg. to strike imagination. Alternative to Federal ideas is essential. Govts. Not Parly. Assembly.
This is how Comm. grew. as a matter of history.
Scope : much to be said for going beyond Brussels Powers.
- P.M. Essentials. a) Governmental rep^{ves}. only. Keep out W.S.C.
b) No elaborate constitution : no Parl^y. Assembly.

We must canalise “Federal” enthusiasm into sensible channels.

R.S.C. Worried only by w. party. French group of Parliamentarians.
Belgians similarly, are not Gov. rep^{ves.} They will leak bright ideas and
we shall be blamed for stopping it.
Shd. report unanimously not by majority.
Warn others not to follow French model in choosing rep^{ves.}

P.M. Fr. team are all ex. P.M.’s. Wrong basis.

H.D. These sugg^{ns.} are on same lines as Labour Party “Feet on the Ground”.
This proves E.B. is right. (!)
Parly. Assembly is nonsense : turn its flank by better positive proposal.

A. How do paras. 28 and 29 work?

A.B. agreed on present^{n.}

Council of Ministers are to appoint a Secretariat. para. 23(b).

E.B. Para. 23 was proposal I put in Paris : only one of the plans to be
considered under w. party exam^{n.}

N.B. Doms to be kept informed.

Substance of memo. approved.

[Enter H.G.]

4. Off Shore Oil in Persian Gulf.

E.B. See more diff^{ies.} over Persia. P.Q.’s in H/C. by fellow travellers.
Wd. like to discuss further with H.G.
Saw Persian P.M. y’day and got on well. Unwise to spring this on him
so quickly.

R.S.C. Not “off shore”.

H.G. Cos. are pressing v. hard to get on with this. Cd. E.B. see U.S. To
prevent U.S. cos. to get ahead of B. cos.

J. May F.O. consult me on some of these striking prop^{ns.} on international
law.

Memo. w’drawn. E.B. to consult H.G.

[Exit H.G.]

5. Abolition of Visas for U.S. Citizens.

- E.B. Has now bn. cleared with H.O.
Tho' it can't be reciprocal, it shd. be done. Hope delay for B. subjects will be reduced in consequence.
- C.E. No objection. Wd. have preferred reciprocity. But advantages outweigh.
- P.M. Criticism tht. we are yielding to U.S. pressure?
- H.D. If we don't, we shall be only tourist country keeping visa on.
- H.W. All tourist people urge this. No protest even about petrol and clothing concessions to tourists.
- A.B. Don't favour unilateral concession.
Don't believe visa does deter tourists.
Wd. never have agreed to this if Dewey had won.

6. Germany : Ownership of Coal, Iron and Steel Industry.

- E.B. Trusteeship scheme for coal iron and steel ind^{ns}. in Anglo-U.S. Zone of Germany
Agreement now reached declarg. not to revert to old owners and are to be disposed of by G. people. Trustee m'while. As U.S. have agreed to sign – and Fr. are only dissenters (because of internationalism and shares in Fr. pits), want authority to sign.
- A.B. Shd. we not see this?
- R.S.C. Valuable U.S. admⁿ. Don't risk it by delay.
- A.B. Not enough to say "former owners" shd. prevent return to any private owners.
- P.M. Went thro' all that before.
- Agreed : subject to any Minister notifying P.M. by 7 p.m. Thursday if they want mtg. Friday.

7. Labour Inspection in Industry : Commerce. Approved.

Capital Punishment.

- C.E. H/C. statements in para.1. Mine was app^d verbally by Cab. : binds us all.
- x/ Unsolved problem : what to do with murderers if no c. pun. Never bn. thought out. Our existg. penal system won't cater for them.
- Dpl. Cttee. wd. have insufficient weight. Sel. Cttee. wd. divide on Party lines and wdn't command confidence. Recommend therefore R. Commⁿ. with t. of r. explicitly covering x/.
- V. soon I shall have to allow law to take its course in one case, prob. two.
- First recⁿ. when death is inflicted will arouse ques. about our intentions on genl. issue. Want therefore early announcement that a R. Commⁿ will be appointed.
- P.M. No good unless you know you can get effective Commⁿ. Most people have pronounced their views : don't want majority and minority Rpt. Must therefore consider names first.
- C.E. Master of Rolls hasn't comm^d himself. He cd. be Chairman – suff. weight.
- J. Object – amount of his ordinary work.
- P.M. Any other names?
- C.E. Dean of St. Pauls.
- P.M. He is v. ill.
- A.B. Insistence on enquiry covering genl. ques. of total abolition makes it too diff. Don't we want to get off absolute justice and stick to historical development.
- Restricted t. of r. in light of existg. practice and values, has time arrived to exclude certain categories of offence.
- P.M. Wd. abolitionists accept it – wd. any of them serve on it.
- A.B. I would.
- J. Not opposed to R. Commⁿ to collect all relevant facts. It can't be useful in deciding.
- Suppose you appoint it now, and they report in early 1950. No guarantee that they won't. Barr's Cttee. took only a year.

- C.E. Impose. for R. Commⁿ to finish by early 1950. Alternative penalty will take a long time.
- A. We are comm^d to some kind of enquiry. And any form of enquiry is open to P.M.'s diffy.
- H.D. Practical ques : what half-way house betwn. present law and abolition. Our formula was hastily prepared. Better one cd. be devised. Wd. take some time to do it. With these wide t. of r.
- H.M. Diff. to make up my mind.
 Cab. wanted us to avoid commit^{mt}. to formal enquiry – tho' that wasn't excluded. C.E.'s statement was in line with A.B.'s view – seekg. amelioration short of abolition. I spoke of "investigation". We aren't therefore comm^d to formal enquiry.
 H.O. have reverted to old practice. But haven't had a case for death. Fears that when he has there will be trouble in Parlt.
 In fact, we haven't heard any more of this in Party. Is the Party relieved tht. this is out of the way?
 If Party or Parlt. press the point, we must have an enquiry and I wd. like it limited as A.B. prefers.
 Need we have early announcement?
 Can't we see the names first?
 My instinct is to avoid any action as long as we can. We wdn't want this in Election p'mme.
 Thus a) wd. prefer to have it alone if we can. b) If we have to deal with it, then prefer A.B.'s t. of r.
- C.E. Want to avoid announcg. enquiry after decision taken in individual case.
 Or after amend^{mt}. raised on Cr. Justice (Scotland) Bill.
- P.M. Wd. abolitionists feel tht. participⁿ in an A.B. enquiry was selling the pass?
- S.G. They wd. think that about limited t. or r.
 If we can let sleeping dogs lie, I wd. prefer it.
 Wait a) until we know wthr. pressure develops. b) Until we are sure we can get an authoritative Commⁿ.
- R.S.C. Doubt if abolitionists wd. refuse to participate in A.B. enquiry. I wd. not refuse. Step towards abolition – historical approach.
 If you remit the genl. ques. hopeless to expect any result.
 Won't get away with no action for 18 mos. I wd. therefore favour a limited enquiry. Weak if forced by events to fulfil promises.
 Try therefore for responsible Commⁿ with limited t. of r.
- A.V.A. If no action taken, will be criticism at Election over breach of pledge.
 R. Commⁿ must be in public : diff therefore to keep it going over Election.

- I wd. prefer Dpl. Cttee and force report before Election.
- A.B. Hopeless.
- A.V.A. Then delay appoint^{mt} of enquiry.
- P.M. Believe it's imposs. to do nothing.
- A. Don't wait until forced into it.
- R.S.C. Suggested alternative t. of ref.
- S.G. Those wd. re-open the main issue. Wd. be said we were selling the abolitionists. I wd. not limit the enquiry.
- A.B. No pol. advantage in askg. the fundamental ques.
- A.V.A. Must confine it to civil code.
- R.S.C. Can't exclude Services.
- A.B. We shd. also have a list of names before we decide.
- P.M. T. of r. also vital.
Risk of ques. being raised – Private Bills also.
- S.G. Further diff : categories of murder. Whatever category chosen can include some shocking case. Will R. Commⁿ succeed in finding solution to that?
- R.S.C. May be that the answer is there is no middle course.
- P.M. "Categories of crime" – won't cover person rather than his act.
- C.E. Insane at crime or trial : can't be hanged. Mcd. Commⁿ used to give me clear answer. Now they throw back onus on to me.
R.S.C.'s t. of r. shd. invite attentⁿ to differentⁿ w'in murder.
Want words directg. attentⁿ to discriminatg. betwn. cases acc. to circumstances.
- J. Cd. we see revised (: limited) t. of r. and estimate chance of getting a R. Commⁿ.
- S.G. Cd. we also consider chances of gettg. a R. Commⁿ with wide t. of r.

Agreed : Confine to powers of civil courts in Great Britain (i.e. exclude Services of Colonies).

1. Parliament.

[Enter W.W.]

H.M. Business for next week.

Steel Bill: Opposⁿ. spokesmen. Presumably O.L. and A. Duncan (tho' latter is not a member of Tory Party).

Guillotine may be requ^d. Opposⁿ. will be sounded but can't think they can agree to voluntary time table.

W.W. Agree – tho' dislike guillotines.

H.M. W'out it, H/L. won't get Bill in time to consider it.

P.M. We must be ready for it.

H.M. Wd. Cab. wish to approve it? We propose 30 mornings in Cttee. – some p.m.'s cd. be added : 4 days on Rpt. : 1 day for 3rd Rdg.

P.M. Must have steady attender teams.

A. Date of 3rd Rdg.?

H.M. Mar 13th fr. Cttee. shd. reach H/L. by mid May.

A. Believe they will ques. 2nd Rdg. and amend heavily in Cttee. Time needed for to '& fro' 2 Houses. Wd. have liked it by start of May. Otherwise, can't get 2nd Rdg. until after Whitsun.

H.M. Can't improve on this time table.

W. Telegraphy Bill.

P.M. Went pretty well : but some concessions will have to be made before you are thro'.

H.M. Opposⁿ. wd. wish to limit to navigational. But a) hard on listeners. b) Diff. to distinguish acc. to effect.

A.B. P'pone enforcemt. v. private citizens until admin^{ve}. field cleared eg. by seeing what equipmt. is available etc.

H.M. We will try to hold mtg. with Dpts. on this before Cttee. stage.

Debate on Address.

H.M. Final division. V. full attendance. Congrats. to Ch.Whip. Agreed.

[Exit W.W.
[Enter Henderson & Brian
Robertson.

2. Berlin Elections.

H. As in memo.

B.R. Little to add. W. Govrs. believe Berlin elections shd. be held. Br. haven't bn. keen on elections in w. sectors alone because gives R. chance to repudiate magistrate. German dissent. Battle of Berlin is being fought by Germans – resistance will be weakened if we prevent elections.
Anyhow, U.S. wdn't agree to p'ponement.

Memo approved.

[Exit H. & B.R.
[Enter Mayhew.

3. Cyrenaica.

P.M. Need this be taken at once?

C.J. Not terms of agreement. Only ques. of principle. Draft based on Tanganyika precedent in the main.

A.V.A. Defence clauses as agreed.

Agreed : H.D. to preside over ad hoc mtg. F.O. M/D., W.O., I.O. C.R.O. and Fin. Secy. Ty.

[Exit Mayhew.

4. Economic Affairs.

P.M. Building. Man power rising : how does it accord with materials.

A.B. Housing is in balance. For some time workg. off backlog. Then had to increase starts, with no rise in price. Diff. but did it. S.E. situation also improving.

We have absorbed 3rd wage increase in greater efficiency, w'out increased price. All controls save steel and timber will be removed by end/Nov. because materials posⁿ. has so much improved.

230.000 men on perm. house bldg. out of 1.300.000. Prices risen 13% since 1945 as cpd. 40% overall. Can't hold it unless other forms of bldg. held under control. My contractors can leave for more prof. forms eg. factory bldg. Can H.Q. Bldg. Cttee consider means of holding prices outside house bldg?

Agreed.

R.S.C. Endorse that.

H.W. No control over factory bldg. by private enterprise. That is where danger lies.

A.W. Endorse what A.B. said : am concerned about it.
Alarmg. increase of t.b. in Scotland.
Am submittg. proposals to R.S.C.
Housg. costs are not falling as in England. [Enter H.G., G.S.,

P.M. Man power on bldg. has risen above target.

R.S.C. We realised earlier we cdn't draw labour off – and let up on our res^{ns}.

A.B. But resources went to industrl. bldg.

R.S.C. No : we supplied more timber for housing.

H.D. How many workers drawn off new constⁿ and housg. because increase bldg. limit to £1.000?

R.S.C. V. few.

A. Rural housing. Cd. it be given a lift? Re-conditioning cottages.

A.B. Man power, not materials, limit that.

A.V.A. Emphasis on repairs of farm bldgs.

A.W. Repairs require the v. types of labour requ^d for finishing houses i.e. joiners and plasterers.

A.B. Going pretty well. Must concentrate first on new houses. Before reconstⁿ can begin.

A.W. Posⁿ of housing generally is not so satisfy. in Scotland. Embarrassed because A.B.'s public self congratulation. [Enter Barnes.

A.B. Continuing drift to London.

A. Due to life with in-laws.

R.S.C. B/E. say 43% of bank advances are purchase of houses : about £100 m. [J.S.

G.T. Advocate continuing control by labour ceilings. Materials control isn't enough.

Development of M/E. p'mme has bn. determined by labour ceiling not by allocation of steel.

A.B. Executive act distributes labour force.

G.A.I. Not so simple now as G.T. thinks.

- How can we enforce ceilings – in widespread labour supply adminⁿ.
- A.B. If Dpts. play the game, control can flow from planning of projects.
- A.W. Contractors will use their labour on maintenance.
- A.B. Raising private limit to £100 didn't lose us labour or materials.
Don't believe £1.000 for industrial will hurt us either.
- R.S.C. Coal. Autumn drive has led to some improvement.
Still accumulⁿ of low quality coal. Special steps to shift it.
- H.G. Discussed with N.C.B. Must push this into consumption here –
unsuitable for export. Will run the stocks right down.
that is essential to m'tain exports. Power stations.
Dissatisfied with autumn drive. Am reportg. to Prodⁿ Cttee.
Also intend to spray ???? with fuel oil.
- P.M. Man power falling?
- H.G. They cd. absorb few thousand more – in right places and with hostels.
727.000 (via 724.000 now) wd. be ideal for this year.
736.000 by end/49.
Don't raise target too high. Alibi for short fall on prodⁿ targets.
- A. Absenteeism?
- H.G. V. bad. Actual shifts worked to 1st Nov. is better than 1947.
Now not so high because Sat. workg. was then new and effective.
Joint Prodⁿ Cttee. trying on this too to push new scheme.
As conflict with Comms. develops, we must expect more problems. in
coal fields. Scotland, S. Wales and Yorks. Must face losing some
output.
- A.B. Small Cttee of Ministers to watch this? Unofficial. We cd. smash
trouble in S. Wales.
- H.G. Accept that idea gladly. A.B., T.G., U.S/S. Scotland.
- R.S.C. P.7. Table II. Worst feature = mining machinery.
- H.G. P'mmes were cut. Targets here given were much exaggerated.
- A.V.A. Tinplate?
- G.S. Can't keep workers. Dying industry. Margam will put thousands out.
Will be below target until Margam comes in.
- R.S.C. B/Paymts. not bad. Losing gold and dollars because E.R.P. paymts. are
lagging.

Because of complic. procedure and own failure in some respects, paymts. are delayed. Fear on 2nd appropⁿ. Congress may reduce because total for 1st year not spent. Have asked Dpts. to accelerate work on claims.
Movemt. of Prices. Fall of 3 pts. – while exports rose by 7 points. Considerable turn in terms/trade. Favourable. Don't know how long it will last.

- H.W. Oct. figures show daily rate same as record July figure.
App. address balance in Oct. lowest for nearly 2 yrs. £28.8 m.
- H.M. Retail price. Cd. we urge retailers to keep them down – or consumers to hold off.
- R.S.C. They have done well on whole.
- A.W. Hoping to get shoes down. Competition doing more than any price controls.
- A.B. Freight rates are falling.
- R.S.C. Invisibles are moving in favourable dirⁿ. No figures yet. Guesses. Last quarter of '48 may be running in credit overall, tho' with big dollar deficit. But then U.S. may say we don't need help.
- A.B. Heavy expenditure on alloys. Developmt. of prodⁿ here. Shd. be encouraged.
- A.W. Buyers' market increasg. because w'drawal of U.S. buying. Eg. newsprint and timber. 170.000 standards of bldg. timber in new Yugoslav. agreemt. – will make a big diff^{ce}.
- A.B. Plywood from Africa?
- H.W. Have a mission out on that.
- G.A.I. Para. 1. 30.000 increase in total w. popⁿ.
46.000 “ “ civil employmt.
27.000 “ “ manufacturg. industries.
20.000 “ “ unemployed. Due to end/holiday.
Seasonal work.
- Industr. dispute 1.800.000 days lost in 1st 10 months of 1948.
2.176.000 “ “ in 1947.
- This was period when disputes after 1st World War at peak.
Publ^d. 16/11/48.
- Expansion in developmt. areas – worthy of public mention. Includg. resilience of workers in gaining new skills.

H.W. White Paper just out.

H.W. All doing v. well except Merseyside. Now declared developmt. area.
Male unskilled labour. Wd. have bn. dockers years ago.

H.D. Put up new cotton mills.

H.W. Expanding Booth and B'head.
No recession in shipbuilding and repairs.

H.M. Curve of productivity flattening?

R.S.C. H. campaigns going strong.
Don't really know accurately what posⁿ actually is. eg. Times articles.

H.D. Large passenger cars for export. V. satisfy. Looks as tho' tax
concessions did help.

G.T. Lpl. isn't Lancs. Not 1% of pl. unemployed wd. be any good in cotton
– anywhere in E. Lancs. Talking of Lpl. men.

1. Palestine.

- P.M. Truce – broken by both. J. strong. May come in conflict with Transj. forces.
We have Treaty. Shd. we reinforce R.A.F. at Amman because risk of J. attack on T.
Yet attack may be sudden and we shd. be prep^d in advance.
Think we ought to be prepared.
- A.V.A. If Truce broken and a threat to Transj own oblig^{ns}. arise. Tr. forces in bad way. because we have denied them ammunition because of truce.
Only 150 men at R.A.F. Regt. at Amman : cdn't defend airstrip.
Ammunⁿ ready to be flown in : but weather might prevent landing for days at a time.
- x/ a) Want therefore to reinforce R.A.F. and send in 30/50 tons of ammunition, to be held by R.A.F. pro tem.
J. cd. mount 60/70 planes operationally.
b) Frigates and L.S.T.'s to Aquaba.
Cd. Cab. authorise action to be taken on a day to be fixed in light of events.
- C.M. E.B. supports. Danger is that J. forces in 16 Lebanon villages. Truce operatg. one sidedly : we withhold ammⁿ. fr. A. and J. get it fr. Czecho.
Action recommended doesn't involve breach of truce. Wd. arise only if we handed the ammⁿ. over to Arabs.
Full explⁿ to be given to Marshall before action taken.
- E.Sh. Propⁿ of assistg. Transj. under Treaty – no objⁿ.
But it goes further – x/. contemplates assist^{ce}. to Arab Legion if attacked in Pal.
- P.M. Various prop^{ns}. put fwd. by C.O.S. x/. was not endorsed by Ministers.
Was rejected yesterday.
- E.Sh. Good : but we mustn't involve ourselves unnecessarily in trouble, the end of wh. we can't foresee. Don't know strength of J. Forces. Have bn. misled on this in W.O. Must be sure that if we go in we can win easily.
- P.M. Our duty under Treaty is clear. If we make it clear tht. we shall do it, J. may well be deterred from rash action.
- C.E. Can 150 men, even if reinforced, hold the posⁿ?
- A.V.A. They cd. hold the airstrips if provided with this equipment.

A.B.& H.D. Our experts have consistently misled us about relative Arab/Jews strengths.

A.V.A. Defended C.O.S. estimates. Movemt. of relative strengths in last 6 months.

N.B. R. has armed J. thro' Czechoslovakia. Unopposed Air Force makes all the diff^{ce}.

J. Agree with proposal so long as it confined to defending Transjordan. But risk of "too little and too late". Shd. we not make a proper job of this to provide an effective deterrent.

P.M. Forces in readiness which cd. go in if attack developed.

A.V.A. Frigate has already gone to Aquaba. Wd. like to add a garrison there.

C.M. Don't exclude intervention W. of Jordan.

P.M. We shall not fight alone in Palestine – only as part of U.N. collective decision.

H.D. Shd. be made clear to C.O.S. and F.O. officials at home and abroad.

A.B. Suppose T. bomb J. in Pal. while T. forces still in P., shd. we regard that as attack on T.?

C.M. Haven't so far.

P.M. But wd. depend on circs.
Can't decide on hypothetical ques.
Must be kept v. secret.

Authority given as at x/.
[Exit Service Ministers and Wright
[Enter L.O.'s.

2. Commonwealth Relations.

Eire.

P.M. Clear tht. E. becomes f. state. Legally, either f. or Br. : then all the consequences flow. Is there some intermediate position? (eg Indian wish to be a republic but stay inside). Other P.M.'s v. anxious we shd. not extrude anyone by our action. Diff. to see how to avoid such U.K. action.

A.G. No intermediate posⁿ. Diff. to find one for India wh. wants to be in. Impose for Eire wh. wants to be out.

A. Disagree. There will be a suspensory period. Hope it will be long. In that time some settlement with India. Then don't believe it imposs. to

find a middle posⁿ – eg. a Treaty of Assocⁿ distinguishing them from foreign state. Don't despair of that.

- P.M. Unfair to promise them it will be ok. unless we can see a way thro' diff^{ies}.
- J. A confusing politics and law.
Legal advisers must advise on the law, as we believe it to be. In our municipal law we can do what we like. We cd. enact tht. Eire be treated as tho' she was w'in H.M. doms. for any particular purpose. But we can't by our law affect internat^l law. In that law Eire will be in same posⁿ as f. country. Among consequ. we can't accord to her any privileges we aren't ready to accord to other f. countries. under bilateral Treaties. Those not in G.A.A.T. will be able to take us to ct. Then if we accord it to them we are bound to extend it to G.A.A.T. signatories.
- A.G. Endorse J.'s view. Have tried hard to see a way thro'. Convinced there is no device wh. wd. enable us to satisfy Intern. ct. that a country which isn't a member of the Comm. is not a f. state. One hope was common nat^y. But truth is tht. Comm. citizenship doesn't give right to enter or share in Govt. of other Comm. countries.
Indian citizenship is eg. a disadvantage in S. Africa.
- N.B. Wdn't exclude any close association with Eire. Ready to p'pone as long as poss. But suspend provⁿ of Eire Act will be 6-8 wks. and Act will be passed on Wed. next.
They want to be out. Chequers : declⁿ tht. we don't regard one another as foreign. Clear it was turned down by Dublin Cab.
Rugby's memo shows tht. alternative formula involvg. membership wd. be turned down at expense of losing preferences etc.
- A.B. Wdn't Eire Govt. be glad to be helped out of diff^{ies}. they are in.
They want to cut link with Crown. They don't want to be out. They wd. like to be helped to a means of keeping in.
- P.M. They have got themselves into this mess. But it is a mess.
Diff^{ies}. In H/C. pressed to say, if we give advantages to Eire, what is value of membership.
In Canada, French Canadians. In S. Africa.
- A.B. Eire aide memoir goes well beyond preferences – Kinship, history, blood. Don't let the latter kill the spirit.
- P.M. Internat^l law. eg. S. America : language, religion, history, pol. assocⁿ.
eg. Arab or Muslim States, who cd. do the same.
- A.B. Suppose Eire declared she did not regard herself as foreign to U.K. etc., in respect of certain things.

- A.G. Not a matter for unilateral decision by Eire. Third party cd. bring it to internat^l court. This is precisely what m.f.u. principle forbids. A country can't by its municipal law make itself in internat^l law other than foreign.
- H.M. Two stages. a) Have we made it really clear to Eire what consequences are. Eire Ministers left Chequers thinkg. we wd. get them out of the trouble. First step shd. be to make it quite clear, in writing, that they can't have it both ways.
Pol diff^{ies} in U.K.
- A.B. Real trouble for me is tht. if E. goes out, we shall have to defend Party. Cdn't we get eminent jurists on both sides to submit agreed report what effect and consequences are. Take it out of nature of U.K. retaliation.
- J. I wdn't mind.
- P.M. Almost all at Chequers were lawyers.
- C.E. Is there any hope they wd. accept adverse view. Wd. get us no further.
- P.M. Wd. vindicate us of any charge of vindictive action.
- N.B. Bill will be passed unopposed on Wed^y.
- R.S.C. (Not having heard precedg. argument). Point is : they don't want to remain in.
- C.E. That distinguishes Eire from India.
- P.M. They say they are foreign. No good our trying to dodge that. Only ques. is : how can you modify consequences of their being foreign.
- A.B. But feeling will be exacerbated unless clear to Irish public that consequences flow fr. internat^l law, not from our ill-will.
- P.M. Must also consult Comm. Ministers.
- N.B. Their relations are diff. fr. others. No mtgs. No consultⁿ. No flow of informⁿ. No High Commrs. If they had attended recent mtg. they cdn't have agreed to much of our concl^{ns} and views.
Agree we shd. put the responsibility on their shoulders, not ours.
eg. MacBride interview in D. Telegraph last week.
- H.M. Note shd. go to them at once. We cd. make it clear it's a consequence of internat^l law, not our wish.
- A.B. Legal conference.
Publicity – to bring it home to Irish public opinion.

G.T. Suspense period must be much more than 6 wks. if we are going to be able to help them.

R.S.C. We cd. disclose substance of note.

P.M. Had our talk : looked into it : now send them views of our lawyers : consequence of internat^l law not our wish. Agreed.

H.M. And a) ask specifically for extension of suspensory period b) suggest lawyers mtg.

R.S.C. Adjust a) for early publⁿ. To show when initiative arose : tht. we got them over : tht. they persist in intention etc.

b) care not to encourage Argentines to ask for concessions after this has happened.

A. M'tain pressure for extendg. suspensory period. For consequences will be most inconvenient for us.

C.E. Consequences on H.O. alone wd. be terrific. Consequences in C. Service.
One of my own legal advisers is Eire man.

A.B. And let Irish public opinion know.

C.E. Cd. we even suggest lawyers conference before Act is repealed.

P.M. Keep Doms. in touch.

R.S.C. Only as matter of form. They can't object.

P.M. Won't bind them.

R.S.C. Want to get this into Sunday Press.

P.M. Will be said we are interfering in their Press with their Parlt.

Agreed. Deliver tonight. Let them (Dom. rep^{ves.} in Paris) know in advance.

India.

Note taken by Luke.

1. Commonwealth Relations.

- P.M. Immediate action won't affect Eire's view and will offend the other three.
Evatt hasn't discussed with J.
- R.S.C. Date of opⁿ might be made later if they knew the diff^{ies}.
- P.M. We might suggest that – saying we were in touch with others.
- R.S.C. Impact on Irish public wd. make Govt. hesitate.
- P.M. Press Conf^{ce} after Chequers mtg. splashed it publicly in Eire.
Suggest mtg. in Paris with other 3. They haven't any practical alternatives.
- R.S.C. Their posⁿ is difft. qua m.f.u. because small trading nations as cpd. with us. Also Irish popⁿ will give them less trouble.
- N.B. Their pre-occupⁿ is views of their Irish at Eire leavg. Comm. out of grievance with U.K.
- A.B. A commⁿ might secure p'ponement of commencement. On lines of last para of my minute.
- N. Brook Re date. No date in Bill.
- H.D. a) Evatt not alone. Can't risk offending them all.
b) Evatt is arguing about the law. J. shd. discuss these aspects in Paris.
- P.M. The team shd. include legal experts. But shd. cover India too.
- N.B. Read text of interim telegram to Dublin.
- R.S.C. Suggest add^m – agreed.
- C.E. Fear Irish will say they were never told of all the diff^{ies}.
Diff^{ies} because transitory visitors and people intendg. to return to Eire.
- P.M. Diff^{ies} were exposed at and after Chequers.
- R.S.C. Cd. Rugby give opinion informally?
- J. I must discuss the law with Evatt and with Irish.
- A.B. We never hoped to delay Bill. Hoped only to affect Irish opinion.
Now know no fixed date.
No conflict therefore between Cab. views.

J. can discuss the law m'while. More time.
Shd. not risk offending other Doms.

C.E. Won't be discussed in Eire on legal basis – politics an advantage to
Party who can carry it thro:

P.M. That means no effect in our rep^{ns}.

R.S.C. We ought to have it on record tht. we pointed out the diff^{ies}.
Show them the Opinion.

N.B. a) Not in suitable form. b) Evatt wd. make same objⁿ.
How real is the risk of challenge fr. Argentine.

R.S.C. Miranda will raise it in negotiation as a bargaining point.

H.D. I wd. cancel Trade agreemt. with Eire : and try to reach accomenⁿ with
Eire on nation^{ty}.

N.B. Evatt wd. be content with that.

Agreed : Send interim message as proposed.
 Don't show them the Opinion.
 Party to go over to Paris.

[Enter A.H., H.Mc.N. & Strong

1. Berlin : Intervention of Dr. Evatt.

- P.M. E.B. was seen y'day. Read out statement of his views.
Evatt doesn't like this confined to Gt. Powers – wants others in.
Cuts across way it's being handled.
- Mc.N. Evatt has indicated for some time tht. he cd. handle this ques. better
than C.F.M. or Sec. Council. He asked Bramnglia to sign it, and he
refused.
Bramnglia is about to put a new solution to Sec. Council.
Believe U.S. and France will reject Evatt's suggⁿ.
Handed round U.S. draft reply.
Diff. to believe Evatt's primary interest is to settle – personal grandeur.
- H.M. What constitutional right have Evatt and Lie to send these messages on
own responsibility – across deliberations of organ^s of U.N. If that is
right, ought we not to take the point?
- P.M. Bases himself on Assembly resolution of '48. (Nov 3rd.)
- R.S.C. Legitimate for President to do this. May have bn. unwise.
- A.W. Wise not to snub him.
- P.M. I am bound to send him personal reply.
- Mc.N. Appropriate for him to send Resolⁿ to Govts. and he cd. add
comments.
Secy. Genl. has odd powers.
My advice wd. be not to take this point against him.
No evidence that E. is doing this because has heard that Gov. ready for
a new move. (in reply to H.D.).
- N.B. Heard in Paris this had bn. started by Sov.
- Mc.N. That was gossip – object tht. Sov. may be taken off hook of their Veto
in Security Council.
- A.B. If R. are anxious to get out of Berlin ques. in order to discuss genl.
German situation, then E's intervention becomes intelligible.
Not inconsistent with our attitude tht. we won't discuss genl. ques.
under duress.
- R.S.C. Evatt suggests a) immediate conversations b) assist^{ce} to Bramnglia
We are doing b) : can't do both at once.

P.M. Agree : our line of reply shd. be to say we are doing this in Sec. Council and must go on there. Grateful for any help : but as we are near a solution in Sec. Council we prefer to follow it up there thro' For. Ministers.

Mc.N. Consult other Govts. on draft? Yes.

Agreed : reply on these lines.

[Exit A.H. and Strong.

2. Commonwealth Relations : Eire and India.

J. Described Sunday's convers^{ns.} in Paris.
Evatt beginning to realise the diff^{ies.}
Fraser anxious we shd. not appear to drive Eire out.
We invited Irish to come and talk. They have accepted and are coming over to Paris this pm.
In afternoon we discussed India on basis of Legal Opinion.
Attendance. Fraser stressed importance of keeping India.
I told them we wanted their help and advice on this – so we cd. all go fwd. together. They promised to try.
Mtg. had good effect – they realise diff^{ies.}

N.B. At outset all 3 were hoping tht. we cd. keep Eire in. At end they realised E. resolved to go out. But vital to their public opinion that it shd. so appear and tht. we all have done our best

Note taken of position.

3. Birth of Princess Elizabeth's Son.

P.M. Will tell H/C. today tht. I will move address tomorrow.
Not in accordance with precedent for Cab. to send a message.

H.M. Let us start a new precedent.

Agreed : message to go from Cabinet.

[Enter Brown.

4. Anglo-Norwegian Fishery Dispute.

Mc.N. As in memo.

P.M. Have we a good case?

Mc.N. Yes.

J. The pp. shd. go to L.O.'s

G.B. Att. Gen. has bn. consulted.

J. Make quite sure.

P.M. Let L.O.'s give us an opinion – on chances of success.

A.V.A. Effect on territorial water theory?

R.S.C. Will raise it. And must be settled one day by internat^l court.

A.V.A. Were Adm^y consulted?

Mc.N. M'while, no departure from status quo.
Discuss with Foreign Minister/Norway.
Make prelim^y arrangements to go before Int. Ct.
Let Att. Genl. submit a memo.

[Exit Brown.

5. Capital Punishment.

C.E.	Developments	a) Wilson Harris' P.Q.
		b) Silverman resolution tht. advice on prerog. is subject to control of Parlt.

No time will be found, presumably, for (b). But satisfied tht. other means will be found of keeping this issue alive.
J. has asked W. Greene & Tucker. Thinks Greene won't do it.
Revised t. of reference.

P.M. “Other countries” is a bit wide. “Comparable f. countries”?

A.B. Do t. of r. carry out intention. First part will cover abolition, so far as other countries have abolished it. Put the reference to other countries at end. Agreed in substance.

J. Let Chairman have a sight of them before they are settled.

P.M. We are no further on ques. wthr. we can get an adequate Commⁿ.

C.E. Shall I get him to p'pone P.Q. for a week?

H.D. Silverman won't give you much time.

H.M. Desirable that we shd. know that we can get a decent body.

P.M. "this country"? Make it clear it is G.B.

Agreed : t. of r. as so amended might be announced on Thursday.

Report to Cab. on Thursday on composition.

6. Amendment of Betting Laws.

R.S.C. As in memo.

C.E. I agree. My advisers don't. But I can see no solution other than by R. Commⁿ.
Public opinion has prob. changed since last enquiry. The churches' opinion may not have.

R.S.C. No church opposⁿ to Budget proposals.

C.E. N. Ireland recently had an enquiry. Unanimous rpt. But Govt. wdn't legislate.

H.W. Awkward for me – because of paper control.

H.D. Leave an interval after announcement eg. R. Commⁿ on Cap. Punishmt.

Agreed in principle to appoint R. Commⁿ.

[Enter W.W.]

1. Message of congratulations on Birth of Son to Princess Elizabeth.

P.M. Read lt. of thanks for Cabinet's congratulations.

2. Iron and Steel Bill.

P.M. Congrat^{ns} to Whips on Govt. vote.

3. Parliament.

H.M. Business for next week.

Welsh Council: will come up on Wednesday.

4. Council for Wales and Monmouthshire.

H.M. After Cab. approved we met rep^{ve}. Welsh groups. Had friendly talk re scheme.

At mtg. with Welsh M.P.'s we were attacked by minority prev. defeated in group. Cdn't find out what was wanted. Adjourned Welsh day. I attended alone on 2nd mtg. which went better : but argument broke out after I left : they reached no conclⁿ. I had sugg^d. a modificⁿ. They want to be assured of Labour majority on Council. We sugg^d. 10 l.a. members nominated by l.a. assoc^{ns}.

Will be diff. to get pol. balance and balance betwn. N. and S. Wales. Sugg^d. increase to 12 : individual l.a.'s all to put fwd. names and P.M. to select 12 from these, preservg. the balances.

Education rep^{ve}. to stand as now.

Wd. mean Council of 27. Shd. work.

Think they agree no M.P.'s shd. be on.

Chairman at 1st appt^{mt}. from among ranks but by P.M. – thereafter by Council, fr. N. and S. Wales in alternate years.

A.B. Reluctantly support it.

H.M. Council of Labour have app^d. original scheme.

H.D. Will do no harm.
Approved – as proposed by H.M.

[Enter Wheatley.]

5. Enquiry into Capital Punishment.

- P.M. King is agreeable.
But Tucker nor Greene will serve.
What prospects of getting a good Chairman?
- J. Won't get a Judge.
Cyril Ratchliffe?
- H.M. Have got him for B.B.C. Enquiry.
- R.S.C. Spens – ex. Ch. Justice of ?
- J. Not v. heavy metal.
Retired Indian Judge wd. be available. Sir F. Gentle Hadn't thought
Indian wd. be appropriate.
- C.E. Shall I p'pone P.Q.
- H.D. Silverman will intervene.
Short affirmative answer?
- R.S.C. No : must make it clear tht. major issue will be excluded.
Lord Cooper?
- Wh. Comm^d in favour of retention.
Lord Normand?
- J. Can't spare anyone from H/L. judiciary.
Revised terms of reference. App^d : subject to "may be of value" v.
"throw light". Correspon^dg. alterⁿ in reply to P.Q.
- Wh. We think (A.G. and I) tht. these t. or r. wd. empower recommⁿ tht.
penalty shd. be abolished for all murders.
- P.M. Then limit t. of r. to murder. Formula : "whether liability under the
crime law in Gt. Britain to suffer cap. pun. for murder"

[Enter Service Ministers.
Parly. Secy. W.O.]

6. National Service Bill.

- P.M. Explained need for legⁿ.(no note taken for 5 mins.)
- A.B. More time to consider.
Warned in autumn tht. this dilemma wd. arise from 3 mos. suspension.
Nat. Service = organised unemploy^{mt}. eg 20% of empl^t. beds in mil.
hospitals. Shd. consider inter-relation of med. services.

A.V.A. Is being considered.

P.M. Timetable?

W.W. Wd. have to be introduced next week. Only 4 full wks. to adjournment and existg. Act expires 31/12.

H.M. Shd. be mtg. next Wed. with Parly Party : and presentⁿ in dummy shd. be same day, to avoid trouble with Parlt.

P.M. Go on with prepⁿ of Bill.

A.B. No memo before the Cabinet.

R.S.C. Cabinet : Monday 10 am.
Circulate last w. party report with covering note by A.V.A. giving b'ground.

A.B. Wider circulⁿ of D. Cttee pp. wd. make this sort of thing easier.

[Exit G.A.I. and
[Service Ministers.

[Enter Listowel and
[Mayhew.

7. Commonwealth Relations : Eire.

J. Eire will repeal Ext. Relations Act.
Eire will go out of commonwealth.
Only ques. : how do you mitigate the resultg. posⁿ. The 3 questions.
E's readiness v. nationality law.
Preferences : E. don't care because present cond^{ns}. of world trade. Try to meet posⁿ together; but if it can't be done we must let them (preferences) go.
Evident tht. Can, Austr. and N.Z. take strong line tht. we must accept this posⁿ v "foreign". They will do so : hope we shall. If we don't we shall stand alone.
No commitment – But believe it's best we can do.
MacBr. will devote himself thereafter to improving factual relationship.

N.B. Always held. Dom. had right to secede.
All made strong appeal to them to stay in. No response. How therefore to make the breach least harmful. Wasn't open to us to present consequences as retaliatory measures. Other 3 Doms. wd. have bn. roused to gt. anger. Thrown back because on legal diff^{ies}. We expounded those. Eire answered with position offer to develop exchange of citizenship rights. Pearson doubted if m. f. u. challenge

wd. be made. If it is, we have some sort of case. If we lost, we cd. terminate preferences.
We had to do this. Defensible in law. Much to be said for it on merits.

R.S.C. Involves reversg. earliest decⁿ tht. can't have 2 qualific^{ns} for Comm. membership. The outer ring. Diff. kind of link. For India they will demand same treatment.
May have advantages. But we are going twds. a) Comm. b) a looser assocⁿ.
Necessarily creating a new pattern.

P.M. Is that so. Irish history etc., And they are out.
India isn't the same : cdn't patch up same sort of case for them.

R.S.C. India contemplates citizenship as basis of commⁿ.
India wd. ask for Irish pattern instead of membership of Comm.

P.M. Irish plan = series of bi-lateral agreemts. with diff. countries.
Factual posⁿ is quite different.

J. McBride said he had explained to Nehru tht. Eire action wdn't affect India and Nehru hadn't dissented.

N.B. Discussions with Bagpai. We said our case wd. be stronger if they cd. in some form continue King's accrediting of diplomats. eg. in Canadian form – permanent commission to Gov. Genl.
Bagpai promised to pass it on to Nehru.

C.E. Belfast haven't bn. informed. May I now tell them?
Cd. we bind N.I. Govt. in their arrangemts v.(eg.) local franchise.
I suppose not.
This may embitter feeling in the North. And may spoil their relations with us.

P.M. We must consult them.

A.B. This recognised the hard fact.
What really matters is wthr. Eire is movg. away or twds. us. I believe they are moving twds. while politicians are bowing to the past.
This expresses realities of situation.
I wd. support this – on that ground.
One embarrassmt : Will inner circle discuss defence and outer not?

P.M. Any change in our municipal law?

J. No. Unless compelled by challenge under m. f. u.
We shall do our best to repel. But Irish realise tht. if we lose, we may have to abandon the special privileges.

P.M. B. Nat^y. Act applied to N. Ireland?

- C.E. Yes.
- N.B. Relations betwn. Govts. in last 10 years have not bn. v. much like Comm.
MacBride says he can work for closer relations because and only because of this constitutional policy.
Put to him diff^y if U.N. accepted their applⁿ. and made diff^{ies}. for us with Ceylon. MacB. then said that E. wd. w'draw her applⁿ.
- H.M. Macdonald made same report of his interview with de Val. re ports. Same with my talk with de V. – give us end of Partⁿ and all will be well.
Unhappy. They have out-manoeuvred us.
Shdn't settle w'out consultⁿ with Belfast.
Victims of other Doms.
- P.M. Cd. we have done any better? We have no cards.
- R.S.C. Not opposed to this. Thought it wd. be forced on us.
But need for quick statement tht. we believe there is a half-way house and make it true – a new principle in internat^l law.
- P.M. Early declⁿ : but in terms of Eire only.
- A. a) Simultaneous declⁿ by ourselves and 3 Doms.
b) Consult N. Ireland.
- R.S.C. A new type of assocⁿ. Cd. be extended to W. Europe.
- H.D. Might well.
- C.E. Date of commencemt. shd. be after 1st Jan. because B.N. Act.
- N.B. We can get that.
- P.M. Shd'nt. Opposⁿ be consulted? Agreed.
- A. Salisbury is v. bitter about it.
- { a) Consult N. Ireland
{ b) Get agreemt. on draft statement – agreed with Doms.
{ c) Consult Opposⁿ say Eire are going out.
[Re-enter Parly Secy.
[W.O.
8. Cyrenaica.
- H.D. Recommend approval of annexed documents, subject to what is said about publicⁿ.

Service Dpts. are satisfied : so are Ty.
Art. 6. Advised there wd. be gt. suspicion if we omitted this common.
form clause.

H.M. Can you hold it in practice?

C.M. Applies to all Trusteeship Agreemts.

H.D. No time limit set for limit^{ns} on powers of Emir : might be said no hope
of real independence.
Female suffrage : Emir shd. be told that Art. 40 means this. He won't
like it. We shd. then w'draw. Let him take exception.

Wh. Desire to retain over-riding power, over Emir (M/Defence).
Art. 3 of Treaty doesn't seem to give effect to that. Concurrent powers.

H.D. We intended it.

Agreed : subject to Ld. Advocate discussg. this and other drafting
points.

War Off. Want more than 10yrs. Cd. get it by Treaty with Amir if Trusteeship
expires. Wd. prefer 25 yrs.

C.M. We know that. Shan't include time limit unless we have to because of
pressure in U.N.

Add Ceylon to list of Doms. to be consulted.

[Exit W.O., C.M. Listowel.

[Enter B., G.S.,
[Henderson and J.S.

9. Reparations and E.R.P.

H. As in memo.

R.S.C. Endorsed. Must get it on more rational basis.

Agreed.

[Exit B., Henderson., G.S.

10. Christmas Food Bonus.

J.S. "Little to add"!!

R.S.C. Our O.E.E.C. Delegⁿ shd. be informed.
Cd. Ty. be consulted also re publicity.

J.S. Want to announce tonight.

1. Royal Visit to Australia : N. Zealand.

[Enter C.M. and J.Wh.

P.M. Read announcemt. to be published Tuesday a.m. here and in A. and N.Z.
Has come on suddenly – is quite serious.
Message of sympathy from Cabinet – agreed.
No disclosure before publⁿ.

2. Commonwealth Relations : Eire.

P.M. a) Saw B. Brooke on Sat^y./Sunday at Chequers.
Full discussion : he raised no objⁿ. said no other course was open to us.
Told him we cd. say he had bn. assured tht. constitution of N. Ireland wd. be safeguarded. Points about local franchise and Imperial, as in my note. May be the ques. of Imp. Franchise will be raised here, by the Opposⁿ.
b) Legal diff^{ies}. under m.f.u. Offls. of F.O. B/T. and H.O. to prepare. Agreed.
c) Consequentials eg. Irish lights, Tithe, St. Patrick, statute book generally.
N.B. to convene a working party to review these.
Draft statement read out.

A.B. Is the statement of A necessary?

P.M. She will say so. We can't deny it. Necessary to say it – before it's asked. General agreement.

R.S.C. Mention tht. we have consulted N. Ireland – Agreed.

A.W. Reverse order of 2 final paragraphs.

P.M. No.

A. a) Expand last para. on lines of summary.

P.M. Wait until we know what MacB says in Dail.
b) Maximise friendly statements by MacBride.
c) Salisbury : what wd. be posⁿ of loyalists living in Eire. That will be bull point for Opposⁿ. We shd. give answer clearly in advance. Include in statement.

P.M. V. well : in last paragraph. But don't interfere with "comparable" : for it gives us elbow room which we may need. May be acute (eg. on franchise) in N. Ireland. Position of loyalists will in any event be better than now.

P.M. I intend to see Opposⁿ leaders – on Tuesday pm. Will Ld. Chanc. and Home Secretary and N. Parker accompany me?

C.E. Posⁿ of loyalists isn't clear now because loss of E. citizenship on acquiring another nationality. Does applⁿ under section 2 of B.N. Act have that consequence?

R.S.C. Amendmt. as at C. Approved.

A.B. Diffy. will be over N. Ireland.

J. This must all be provisional pro tem.

P.M. I will revise statement, when I know what MacB. is going to say. And bring final text to Cab. on Thursday.

H.M. Title of H. Commr.? Be ready with answer.

3. National Service Act.

[Enter 2½ [sic] Serv. Ministers & W.W.]

A.V.A. Nothing to add to memo.

H. R.N. need this less than any.

M.St. Necessary not for training, but for commitments.

A.H. On 1.1.49 237.000 in R.A.F.)
 1.1.50 183.000 “ “) On N.S. at 12 months.
 1.1.51 195.000 “ “)

Increase to 18 months, and

1.1.50 213.000

1.1.51 212.000

This is only hope for us.

P.M. Real diffy is lack of skill, not nos.

A.H. Yes : and on 12 mos. service we cdn't train skilled grades and get any productive service out of them.

R.S.C. This doesn't commit us to any particular figure of expenditure.
Doesn't mean tht. we are comm^d to any particular total in nos.

A.V.A. Agree can't be comm^d. But overseas commitments haven't gone down as assumed. And run down increased by 141.000 as result of economies auth^d in financial crisis of summer '47.
We are now asked to strengthen Forces v. early risks.

If we can't face expenditure, best method of cutting cloth may be to cut our commitments.

- A.B. Can't ride 2 horses in H/C.
Can't put argument v. unbalance : they'll say you cd. have known that before when you fixed it at 12 mos.
Decision to suspend releases – mistake to do it in Recess with few Ministers present. But, havg. done it and related it to internat^l situation, better surely to justify this on same ground. U.S. Forces at 2½ m. and service at 21 mos. Quote that.
- P.M. But if sitⁿ improves steadily and overseas commit^{mts}. decrease, posⁿ. will alter again. Can't sever the 2 points : they interact.
- A.B. But internat^l situation is the reason why we haven't bn. able to achieve balanced forces.
- R.S.C. Don't confuse total nos. and efficient nos. May be we shall call up fewer for longer. And Forces may be smaller tho' more effective.
- H.D. Genlly. in favour. But a) gloomy C.O.S. view of worth of Army even on 18 months. V. dangerous if this got out (p.12).
- H.M. Why don't C.O.S. accept 18 months with a good grace. Why doesn't S/S. for War or M/Def. stop them putting this in writing.
- A. Is p. 12 true?
- R.S.C. Yes, by comparison with their demand for £800 m. and over.
- H.D. Politically dangerous if there is a leak.
If we say 18 months, we must stick to it. No concession to Opposⁿ.
b) Disturbed at rate of recruitment of Regulars. Just as important to bring that up. Can't we hold on N.S. men if they weren't browned off by idleness during N. Service.
- P.M. Agree. Wood Rpt. V. bad re. home and not good re overseas. Shows failure – misused time. The new C.I.G.S. is going into this with gt. vigour.
- H.D. c) Plan to raise age of call-up. All educationalists now support view tht. N.S. shd. come betwn. school and university. The univ. will be wrecked if the age goes up to 20.
- G.A.I. They can opt now for earlier call up. That can be continued, w'out amend^{mt}. of the Act.
- H.M. On H.D.'s point (b), shall we have an answer in H/C?
- P.M. Must be a frank confession tht. it was so –

- H.D. Can we say anyone has bn. sacked?
- R.S.C. Yes – C.I.G.S.!
- H.M. Can't we say what is being done to put it right?
- M.St. Wood Rpt. recomm^{ns.} are being put into effect. Constant pressure on unit commanders. These drives do produce results.
- P.M. Believe some people ought to have bn. sacked. – eg. D/Training and several Generals. Will see S/S. on this.
- G.T. Real argument to face is : time was wasted for 12 mos., now for 18 mos., unless you can show organ^{n.} has bn. remedied.
- P.M. Or “is being”.
- P.M. I will get to Def. Cttee. full report on what is being done.
- H.M. Similar complaints about R.N. and R.A.F.
- H. Recent independent enquiry has shown no such waste of man power.
- N.B. Recruitg. to regulars – as good as at any time pre-war : v. remarkable in full emplt. A recruiting achievement.
- A.V.A. Obvious points raised in disc^{n.} – most are under consid^{n.}
Cab. unfair to Services. All plans falsified on assumpt^{ns.} eg. Greece and Trieste.
Inefficiency in training arrangemts. due largely to these changes of plan.
- A.B. If finance is to be limited, you will have smaller no. of men bearing a heavier burden. Diff. politically. Bitter opposition must be expected.
- W.W. There will be. Confine Bill to one or two points – reject any minor details.
- H.M. We have agreed to that.
- A.B. Doctors : A.V.A. was right last time – not relevant to this ques. Agreed earlier that for doctors age must be raised to 30 so as to prevent the student who continually fails to qualify up to age 30 shall escape Service.
- G.A.I. Only other points for inclusion are minor : one advantageous to the man. (about reserve oblig^{ns.} of men who take on for service after N.S.) The other – affirmation resolution, wh. dropped out on consolid^{n.} in error.

H.M. Party Mtg. Wednesday – will P.M. come?

P.M. Yes.

W.W. If Bill is to pass by Xmas, Bill must be presented on Wed. and publ^d. before weekend for 2nd Rdg. Thursday.

H.M. Special mtg. of Legⁿ. Cttee on Thursday – to pass the draft.

4. Service Pay.

A.V.A. Ty. wanted this mentioned.
 Promised in July to consider hardship and pay.
 Concluded no grds. for increasing pay of officers, but increased allowances are justifiable because c/living and accommodⁿ. Adjust^{mts}. also being made in allowances for other ranks.
 Also adjustments to bring Services into line with outside empl.
 These are being made in such a way as to stimulate recruitment.
 Fairly easy for R.N. and R.A.F. But much re-adjustment in Army – increased no. of st???? divisions.
 Statement Wed^y. – White Paper afterwds.
 £12-12½ m. p.a. gross cost. Net. after taxation, £10½ - of which £8 m. goes to other ranks.

[Enter W.W.]

1. Parliament.

H.M. Only one Oppⁿ. amend^{mt}. on Guillotine Resolⁿ. genl., not particular.

Business for next week.

Wed. Nat. Service Bill. M/L. Bill. M/D. concerned : S./S. War
concerned ques. nos.
Does P.M. wish to intervene.

A.V.A. Opposⁿ. will want discuss on basis of Defence as a whole.

P.M. W.S.C. is askg. for a day on Defence, preferably in S. Session.
I stalled, to consult E.B.
Don't like S. Session idea. W.S.C. says it strengthens Govt. It may.
But I don't like it in peace.
They may therefore want to range widely. Must find out their intent^{ns}.
M/L. shd. open. M/Def. shd. come in. M/L. to spk. shortly on
technical^{ies}.

A.V.A. There are no technicalities. I shall be criticised for change of mind in
'46.
Better to open the general case – not wait for attack.

H.M. ???? But if M/L. speaks v. shortly first : Opposⁿ. can then widen
debate if they wish : cd. M/D. intervene around 6 pm. and S./S. War
reply.

R.S.C. Open on real merits. M/Defence business.

A.B. & A. Agreed.

A.B. Let G.A.I. be ready to intervene : A.V.A. say so early. Then S./S. War
cd. reply. Agreed : M/D. (G.A.I. intervening if necessary). E.Sh. to
reply.

Foreign Affairs Debate.

In v. near future. Prob^{ly}. in week after next.

[Enter Wh. and C.M.]

2. Commonwealth Relations. Eire.

P.M. Amended in light of Dom. comments.
Costellos' speech (extract) read.
I saw Opposⁿ. – W.S.C., M-Fyfe & Cl. Davies. Cousin. not v.
forthcomg. but W.S.C. less fierce than I had supposed.

Statement in both Houses – must convert replies to supplementaries.

- A. J. to make statement in H/Lds.
- P.M. Move up reference to N. Ireland.
Say no more about views of B. Brooke.
Amend reference to B. Brooke – make it more personal.
Position of loyalists : discussed. Agreed : reply – no worse off.
- A. Children of loyalists – not able to opt. Is this so?
- C.E. Significance of “comparable”.
- P.M. Intentional. We agreed to use this word because the rights may not be identical. Eg. on franchise we may give more than they.
Genl. posⁿ. may be comparable even tho’ exchange of particular rights may not be the same.
eg. also other Comm. countries, when identical : rights can’t be concluded.
- Text of statements approved.
- H.M. Reactions of other Govts. not v. favourable. eg. Canada and N. Zealand.
3. Ceylon : Application for Membership of U.N.
- H.B. Don’t think we can change our policy.
- C.M. Intervention by Evatt. How shd. we handle that?
- P.M. Why strain at Outer Mongolia when we swallowed Ukraine?
- C.M. She has no relations with f. countries at all.
6 western 5 non-western appl^{ns}. now outstanding.
- A. In the real world this horse trading does go on.
Not a bad thing if we cd. get these people in.
- R.S.C. China wd. never agree to Mongolia.
- H.M. Diff. for F.O. to swallow a country wh. has no f. relations.
- C.M. We have said we won’t use our veto.
But we really can’t go around lobbying.
- A.B. Israel?

C.M. Ready to recognise when a settlement reached. Then applⁿ. to U.N. in due course. Can't materialise soon.

N.B. Ceylon will in the end realise tht. this action wd. put us in false position. We can get her into special agencies. We can say publicly it's monstrous tht. R. shd. oppose their applⁿ.

Agreed : stand firm. no trading.

4. Military Training (Facilities) Bill.

[Exit C.M.
[Enter Parly Sec^{ies}. W.O.,
M/Ag. T.C.P.]

M.St. Brings up to date Mil. Manoeuvres Acts. But change requ^d. because a) N. Service b) mechanised forces.
Cd. try by agreement but wd. be uneven.
Some details to be settled with M/H. and T.C.P.

A.V.A. Auth^y. to draft given by L.P. Cttee in April.

P.M. Why needed now if powers don't expire until 1950.

H.M. Must be in this Session : - needed early because short of legislation.
One point : amend Cl. 3(1) to protect "nature reserves".

M.St. We can do this.

J. V. far reaching powers. Lets Army go anywhere and do anything.
Won't be liked by H/Lds.

King.. No genl. objⁿ. Cl. 6 : want same protection for foreshore.

M.St. We shd. be prep^d. to agree.

A. What safeguards v. open gates and broken fences?
This gives me the creeps.

M.St. Compensⁿ. clauses will keep Services on their toes.

H.M. These points were argued in L.P. Cttee. Details on Bill can be taken in Legⁿ. Cttee.

M.St. Shan't use the powers much.

J. The old story. Won't wash.

P.M. Why empower Army to take tractors on land?

- M.St. To enable T.A. to be trained – on land nearby : where units aren't in reach of W. Dpt. land for training.
- A. Needs v. careful vetting.
- R.S.C. Has been – by all Dpts. concerned, incldg. M/Agric.
- P.M. But is it wise to be so unpopular.
- M.St. If we intend to make proper use of N. Service men – as we are told we are not.
- H.M. Remit to Legⁿ. Cttee. to see what safeguards can be introduced. Then I can report back to P.M.
- P.M. Told Mil. Manoeuvres Act is “cumbrous”. That presumably means tht. the public interests are protected.
- A.V.A. Astonishing how agric. prodⁿ. was increased in the war, when savage powers of entry were available under D.R.
- J. Proceed by amend^{mt}. of M. Manoeuvres Act?
- Agreed : Remit to Legⁿ. Cttee (L.P.S. attending) to consider safeguards etc. and report.

[Exit M.St. and King.

5. Housing Bill.

- A.B. As in memo.
- It is decision of owner to make a tied cottage – makes it part of carrying on of his business. Then it becomes part of industrial hereditament – and l.a. need not be concerned with it as housing. If he wants aid, he must grant a tenancy and put himself at mercy of court if he wants to displace tenant.
- Intolerable tht. l.a.'s shd. use on their cottages materials requ^d. for genl. housing needs.
- My formula transfers onus from us to owner.
- Politics. I cdn't defend spending public money on tied cottages.
- Parly Party have passed 2 resol^{ns}. v. tied cottages as such.
- Raised constantly on Executive.
- Don't press me to do somethg. repugnant to Party.
- Agric Dpts. have powers under Hill Farming Acts to give grants in remote areas. Some areas where this wdn't apply : but deal with it elsewhere than in Housing Bill.
- A. Agree new cottages must have precedence.
- But my memo. foreshadows consequences. Calamitous effects.

Most tied cottages go with farms. Wd. like to see them freed. But if grants are available for re-conditioning – anomalies will arise, neighbouring cottages one tied, one free. Immense nos. of free cottages are let to week-enders. This policy wd. prejudice the improvem^t. of all agric. workers cottage unless owner is ready to untie it. Urge Minister to devise scheme wh. won't involve situation tht. least chance of getting re-conditioned to farm worker.

Br. In 1946 Act grants available for new houses for agric. workers where tenant can be rid of.

Two tied cottages : a) service cottage with no tenancy at all.
b) tenancy, subject to R.R. Act, but under that Act farmer need not prove altern. accommⁿ. That sort can be built with grant.

M/H. Proposal therefore applies more stringent cond^{ns}. to improv^g. than to bldg.

On politics : don't think it diff. to defend. We aren't defending tied cottages. We are saying while there are tied cottages we want to see them improved. We can defend that.

T. & G. Workers aren't opposed to this line. Hobhouse Cttee. came down firmly on 'our' side.

Ques. therefore is one of method. Tenancy cases : if farmer wants possⁿ he comes to panel appt^d. by A.E.C. These cottages cd. all therefore be untied, when you are ready to amend R.R. Act.

Service cottage : diff. to spend widely.

We cd. make admin^{ve}. arrangem^t. with M/H. by wh. latter wd. have to be satisfied tht. it was unreasonable to grant a tenancy.

Real issue is not the tied cottage : it is wthr. we shall tell farm workers tht. they alone will not be helped to decent housing.

A.W. I accepted A.B. view there is Party decision preventg. any action in E. & W.

But views of M/Ag. not then before us.

On merits, we can't justify depriving benefit fr. farm workers alone.

It is they who live in the cottages. We can prevent owner from getting profit out of it.

A.B. says farmers can afford to do it w'out grant. But in fact worst cases are on tenant farmers' land.

No prospect of early building.

Agric policy will be wrecked if we don't make it possible for farm workers to live decently.

This Bill enables farmer to get grant for repair of own house – why not farm workers too.

Tied houses for miners and farm workers are now a privilege.

Do it for all workers and prevent owners fr. making a profit.

In Scotland I am providg. tht. if cottage is sold owner must refund.

- A.B. That is agreed.
- A.W. Applies to miners also. Many are in tied cottages.
Dairies and cattle : l.a. can't build houses in middle of farms.
Landowner is only source of housing
- Support M/Agric. therefore throughout. Believe Party cd. be persuaded.
- G.A.I. Unless we can assure people there is a cottage, we can't get people to take work on farms. Support M/Agric.
- H.M. L.P. Cttee point. Memo. was put in. Points in discⁿ. M/Health expl^d.
pol. opposⁿ. and proposed tht. this shd. apply only in areas where
ample provⁿ. of new houses. Wasn't in memo. A.B. was authorised to
discuss on this basis.
- We must now discuss on merits.
- Party Conf^{ce}. was demanding end of tied cottages. That is another
matter. Issue here is : shall we deprive farm worker in tied cottages of
repair benefits available to other workers.
- Supposed safeguard – “owner can untie”. Can he? Forestry Commⁿ. tie
cottages. Untieing it may involve gt. damage to agriculture.
- G.A.I.'s point also.
- Politically, it is madness to penalise farm workers in tied cottages (and
his wife) on the argument tht. you are penalising the owner.
- On merits, clear grant shd. be available. On politics, not so difficult.
Support M/Agric. view.
- P.M. Not an effective step in campaign v. tied cottage. It will hit wrong
person.
- R.S.C. Two classes of case. a) Service cottage, not a true let. Tenant is at
mercy of landlord. b) Tenancy with special prov^{ns}. under R.R. Act and
owner has to go to court to get possession.
- Legitimate to except a) from grant. Much more diff. to refuse it to b).
If you follow that line, you will be discouraging tied cottages.
I wd. therefore support A.B.'s test on a), but not on b).
- A. Overlooks reality. No. 10 is a service cottage. What about a cowman's
cottage : service occupⁿ. often in bad condⁿ. why w'hold grant from
these?
- R.S.C. He can go over to class b). If he won't, then give him no grant.

A.B. The farmers cd. afford to repair the cottages. They are so prosperous.

Br. 80% of our farmers own less than 100 acres.

A.B. Farmers are buying cottages, to get labour. There is therefore wide area of cottages under R.S.C.'s (b).
I am ready to accept R.S.C.'s formula.

Br. Cd. it be left open to consider isolated cottages?

H.M. Let Dpts. consider R.S.C.'s formula.

A.W. Doubt if this will do for Scotland.

Wh. No legal diff^y in acceptg. it in Scotland.
Practical diff^y is – rather than lose the advantage of having it tied, owner will decline to move into class (b). No incentive to move.
Turns on labour supply. If no competⁿ and surplus of labour his hand won't be forced.

P.M. You now have a shortage of labour in agriculture.

J. Much to be said for encouraging repair of class (a).

Agreed : accept R.S.C. compromise, subject to examⁿ of details. Any diff^{ies}. can be reported to L.P. Ctt^{ee}.

A.V.A. Comply with principle in para. 3.

G.T. a) This was a Tory proposⁿ to put money into landlord's pockets.
b) Can't allow worker to be turned out w'out notice.

[Exit W.W., Brown.
[Enter Henderson

6. Western Frontiers of Germany and Saar.

Hen. As in memo.

P.M. Are Benelux content?

H. Dutch hoping for some more.

J. Big claims abandoned. Pity tht. we shd. be standg. out v. some small claims. wh. seem to be supported by everyone else. Am I right?

Hen. Br. rep^{ves}. on w. party were told to keep to views of 6 Power.

J. P. 11. B. seems to be one such example.

N.B. These minor rectifications do no good and cause much friction.
Principle of keeping these down to minimum is wise.

A.B. Also Br. members were prob. watchg. German interest.
Approved.

1. Parliament.

H.M. Business for next week. Adjournment dates.

A.B. 2. Licensing Bill. Asked by Govt. supporters if this wd. involve closing Ldn. night clubs., like the 400. because imposs. for them to sell liquor after 11 p.m.
If so, this will give rise to trouble.

J. Run now on basis of bottle party.

C.E. Bill is aimed at stopping this very thing.

N.B. Tourism point in this.

H.W. We have had rep^{ns.} on that basis since publ^{n.} of the Bill.

A.B. Wthr. resident or foreigner, shdn't they be allowed some colour in their life.

J. Multiplication of regulations wh. people are determined to breach because they think them unreasonable. Gt. danger of general disrespect for the law.

A.B. Won't get over "stag sandwich" problem by limiting opport^{ies.} for drinking – only by enlarging them. Make the law easier to obey.

A.W. But do you suggest pubs be allowed to keep open late. If not, there is unfairness.

Agreed. L.P. Cttee. to review this again on Friday.
Chief Whip to consider wthr. Bill be p'poned
until later than next week. eg. by putting Films
Bill Cttee stage in on Wed. 8/12. or by inserting
Supply Day on Food and Service Pay.

1. Parliament (resumed).

A. Wed. Cork wants motion on enquiry into war pensions.

A.V.A. Give H/C. answer. Discuss with M/Pensions.

[Enter E.Sh.

3. Iron and Steel Bill.

G.S. 1st May 1950 was selected a) on assumption that Bill passed this year 9 months wd. suffice. b) Altho' we knew we cdn't rest before Election if

H/L. opposed, we shd. be in strong bargaining posⁿ. if 1st May was in Bill.

Duncan has now offered tht. if resting date is later than Election, industry will a) continue Steel Bd. b) State tht. they will pursue developmt. plans (present and next stage) in interim and c) will give us technical help on Bill.

We couldn't have an open bargain.

Continuance of Bd. wd. be v. convenient.

Public statement as at b) wd. be v. important – politically advantageous for they cdn't accuse us of retarding progress by naturalisⁿ.

c) wd. also be valuable because we know less of this industry than eg. transport.

We can't in fact rest before Election. Let's give ourselves chance of getting a valuable quid pro quo.

H.M. Politics are difficult. Party wd. have to be handled.

Always recognised that, with 107 cos. and subsidiaries in addⁿ, there wd. be need of substantial interval before resting. 1st May was inserted to draw just such an offer.

Genl. Election point is now. Difficult. But equally diff. to say you won't give electorate chance to express view. Bound to be election issue anyhow.

Ques: do you come further into open? If you do, much to be said for inserting 1.1.51 date : '6 months after passing of Act' invites obstruction.

Do we want smooth transition or flaming row?

Do you want to let it be said you turned down an offer of co-opⁿ?

Public opinion wd. prob. prefer smooth transition.

Party : there are some doubts about Bill and some people wd. prefer smooth transition.

P.M. Also, economic blizzard if it came soon wd. be attributed to our action v. steel.

R.S.C. Two contingencies – H/L. pass or not. 1.1.51 is 17 mos. fr. date when H/L. shd. pass Bill : wd. imply we assume H/L. will reject. Can't therefore have a fixed date in Bill. Must therefore fit either contingency. This means saying "not less than so many months after passing of Bill".

If Bill rejected by H/L. it can't be operated by 1/5 – only 2 mos. left. Will have to p'pone sometime after March. Effect of doing that just before Election. Wd. be thought to mean cold feet.

Easier to do it earlier.

Pol. diff^{ies}. of doing it now. Don't want to make a bargain. But on techn. side advantageous to get industry's co-opⁿ.

Ques. comes down therefore to attitude of Party assuming tht. whatever is said, everyone will guess it's a deal.

Diff. to decide which is the more embarrassing course.

- A.B. Gave my views at S.I.M. Further reflection since. Tried to meet views of H.M. and G.S. But can't see what we get fr. this bargain as cpd. with gain to industry.
We are playing from strength. Opposⁿ have miscalculated – they haven't stirred public opinion. We mobilised biggest vote in this Parlt. on 2nd Rdg. – spiritual regeneration of our Party.
Duncan is in a jam. Mistake made in resigⁿ fr. Bd. They will come back, even tho' we do nothing. Duncan is being accused of folly in refusing techn. advice because disagree with Govt's politics confirmed at Genl. Election.
This wd. extricate him fr. his diffy. and create harvest of diff^{ies}. for us. Who will get advantage fr. public statement at (b)? We shall have agreed tht. issue is to be settled at Genl. Election. And they will behave anyhow because it's their line tht. they are efficient.
Assistance under c) is important not at Bill stage but at opⁿ stage. We shall be saying we don't regard 1945 mandate as conclusion.
- This denies us any right to attack H/L. for frustrating it.
I want to be able to attack steel barons and land barons simultaneously. You can't sneak revolutions by stealth.
Harmonious transitions are not available. Therefore, make it a fight and make the best of it.
- R.S.C. What wd. be effect of p'poning date by Order in April. [Exit W.W.]
- A.B. Can say that is due to actions of H/Lords.
- A. Politically, I sympathise with A.B.
Doubt if H/L. will reject on 2nd Rdg. Believe they will amend in Cttee. unacceptably. Might get agreemt. betwn. 2 Houses in this session. Don't therefore amend Bill in any sense which invites H/L. to be more difficult.
- A.V.A. Same situation wd. apply if you made an arrangemt. with the industry. That wd. be known to rep^{ves}. of industry in Parlt.
- G.T. Same view of this as of the compromise.
We decided to go on knowg. we shdn't have Duncan's help.
Support A.B.
- C.E. Support A.B.
- J. Support G.S.
- Tories may want to show tht. any econ. diff^{ies}. are due to our Bill. That wd. be awkward for us.
Don't try to make a secret bargain. Can't be secret.
But open agreemt. involvg. their co-opⁿ might get us out of that pol. diffy.

What interval is needed?

- G.S. 6-9 months. If H/L. passed Bill in July we cd. do it by 1/5.
- N.B. Vital ques : what will Tories say in Election. They will commit themselves to repeal of Bill. Awkward therefore for us if we have put into opⁿ before Election.
- P.M. Don't see danger of p'ponemt. just before Election. Shall have got the Bill.
- R.S.C. But may appear we don't expect to get back.
- A.B. Answer is tht. H/L. made it imposs. for us to do it before Election.

(P.M. agreed with this).

- A.W. Politically, we want an issue to fight on at Genl. Election.
- H.W. Support A.B.
- Bargain wd. invite H/L. to obstruct and delay.
If we can't rest before Election best course is to p'pone later.
- A.V.A. Support A.B.
But hope G.S. won't discourage co-opⁿ by industry w'out a bargain.
- G.A.I. Support A.B. Mainly because Duncan has taken initiative. Means he must have more to gain than us.
- C.J. Mistake to bargain. Agree with A.B.
- General agreemt. tht. bargain cdn't be kept secret.
- H.M. I wdn't try to keep it secret.
- Agreed (don't accept this offer.
(Duncan may come again.
- G.S. Serious technical diff^{ies}. for the industry if we don't get co-operⁿ of steelmasters. Put in early date to draft offer of co-opⁿ.
- A.B. We recognise these techn. diff^{ies}. But can't sacrifice all our political advantages to get over them. And in the end Duncan & co. will come to heel.

[Exit G.

4. Commonwealth Consultation.

[Enter C.M.]

P.M. What replies?

N.B. N.Z., Pak., Ceylon and Rhodesia have given unqualified 'yes'. Shall get yes fr. Australia.
Nothg. fr. S. Africa.
Qualified replies fr. Canada and India. Only specific point is 2 mtgs. a year of F. Ministers : general doubt of wisdom of writing it all down. Hope we will agree. And, when A. comes in, try to get genl. agreemt. with prs. some loosening up on the 2 mtgs. a year.

P.M. V. little sense in Indian doubts.

A. Subject to x/ favour agreemt and publⁿ.

C.J. Our procedure for discussg. Indian ques. in Colonies. High Commr. sometimes comes to see me. Can this continue?

P.M. Certainly.

Agreed : U.K. accept.

[Exit C.M.]

5. Military Training (Facilities) Bill.

H.M. Explained his later meeting.

E.Sh. Thought we had met J.'s points. Hoped we cd. go on with Bill. Gave assurance we wdn't acquire land any longer under D.R. 52. Embarrassing for me.

H.M. This was temporary use, not acquisition.

E.Sh. Not altogether.
Ready to defer legⁿ but may have some diffy.

J. Let considⁿ of Bill proceed. Let W.O. see wthr. any diff^{ies} do occur under existg. powers.

P'pone this Bill until after Genl. Election.

6. Salaries of the Higher Civil Service.

No member of the Secretariat was present at the discussion of this item.

1. Foreign Affairs Debate. [Enter J.S. and W.W.]

- P.M. a) Spokesman for this week's debate.
1½ days : only 2 spokesmen therefore – to have room for back benchers.
E.B. will open.
- H.D. May I make 15 min. speech – to reply to attacks by W.S.C. on my work in Paris. Wish to reply to suggⁿ that I favour only Socialist basis for W. Union.
- E.B. I was going to reply to W.S.C.'s attack on selection of H.D. to do this job.
- H.D. This kind of attack spoils our posⁿ in Paris.
Eg. on Inverchapel and Bridges (in Continental Daily Mail) and Wade.
- A.B. Think H.D. shd. speak : but on position basis, not on the defensive.
Don't let him excuse himself.
- P.M. Let H.D. intervene in the debate on Friday. Shortly.
- E.B. This will accord with W.S.C.'s intentions – he is to open on Friday.
On reply to debate M/State mayn't be able to return from Paris.
Wd. prefer him to speak if he is available.
- H.M. Or P.M. shd. reply.
- P.M. Steam will be out of it after W.S.C. and H.D. have spoken.
An under Secy. wd. do – 3.30 on a Friday.
- Agreed : M/State or Mayhew to reply to debate.

b) Scope of debate.

- H.M. Can it be limited to Europe?
- E.B. Must mention China.
- A.B. Will E.B. say anything wh. wd. preclude future friendly relations with a Comm. Govt. in China?
- E.B. No : mayn't be a Slav type of Commⁿ. Won't burn my boats.

2. Western Union.

- E.B. Resolutely opposed to talking shop for politicians.

But US/Fr. conspiracy to drive U.K. into Eur. economy. Not willing to accept that. Wider Comm. concern. Must therefore swing in the related overseas countries. This is unpopular. Must, however, face unpopularity over this. It's Paris, not France, which presses for this. Consult^{ns}. Cttee said Cttee of Enquiry shd. examine all these ideas and report.

Was a preparatory enquiry.

When Rpt. comes up we shall have to consider.

a) do we adopt a plan.

b) do we consult wider group of Powers includg. Italy?
Scandinavia.

I suppose b). Can't hurry over this. Wd. involve frictions.

Want therefore to stress prelim^y. nature of current disc^{ns}. in Paris.

Mustn't be rushed.

Same applies to econ. field. Fr. are trying to stampede us. And they will have Tory support here.

Must stand firm and build solidly.

Assembly notion – when wd. Germans be fitted in? Cdn't get them in because no Govt. or Parlt. etc. But must get them in for sake of Europ. solidity.

Paris attitude is 1918 chauvinism.

Must challenge Tory Party to say where they stand on this.

H.D. Disc^{ns}. in Paris. V. friendly.

Started in plenary – Br. and Fr. plans expounded.

Then Sub Cttee appt^d. to go into all plans in detail.

Reynaud said purpose of Sub Cttee. was to marry the 2 plans. I denied that. Cdn't say we accepted their plan in principle.

Popular assembly idea appeals to Oppositions. Reynaud and W.S.C. favour it.

Must stick to our line. May get Dutch support. But Dutch delegⁿ. weak. And Belgians are only officials.

Shd. soon get a report examining proposals : submittg. decisions to Consult^{ve}. Cttee. Avoid disclosure of disagreeemt. in the report.

R.S.C. French are escapist over this. To avoid facing realities.

3. Palestine.

E.B. We & U.S. thght solution poss. on Bernadotte basis.

Marshall, after consultg. his Govt. said he wd. make statement.

We thought we shd. take ques. quick in U.N. – to stop fighting etc.

But alleged tht. U.S. told Arabs they cd. do better later. And Arabs voted for delay.

Men in Negeb v. Egypt. Army.

U.S. men ???? on Marshall's proposals. Said no frontiers : only conciliation machinery.

A year before, in N. York, we urged U.S. to establ. machinery to get J. and A. together. That was outvoted. Now U.S. are back on it. M'while we burned our boats with Arabs.

We then drafted new resolution.
But Arabs won't acknowledge Partⁿ. They joined therefore with Slav and S. Am. groups and defeated it.

Back now on conciliation machinery.
Bad for economy of Pal.
Offer now being made on behalf of Arab Legion.
Gt. problem = Haifa. Settlement there wd. enable oil to be resumed.
Emasculated resolⁿ. will come up this week in U.N. If no 2/3rd majority for it, prev. resolⁿ of Security Council will stand – with Bunch as Mediator.

H.M. Sugg^d. U.K. shd. have some contact on ground with Israeli. Govt.

E.B. Consults in Haifa and Jerusalem.

R.S.C. They can't communicate with Tel-a-Viv. That's the trouble.

H.M. Cd. we not arrange some de facto link? Recognise we can't recognise the Govt. de jure yet. It wd. help if this cd. be announced by Thursday. Admⁿ to U.N.?

E.B. Am much against the latter. Not yet a State, no truce.

A.B. So am I. V. awkward vis-à-vis Ceylon.

R.S.C. V. awkward for practical purposes not to have anyone with whom to make contracts. Eg. we are having to pay twice for timber for citrus packing. Also sterling and guns.

E.B. Can't go on much longer helping Arabs who can't help themselves or take advice fr. those who know better.

R.S.C. Trouble in Egypt?

E.B. Anti-Farouk.
Bombs thrown at Nahas' house – thought to be provoked by Farouk.
Wafd. is now hitting back.
Relieved we aren't in Cairo now.

4. National Service Bill.

A.V.A. A.E. moving new Clause to put 18½ ceiling on call up.
This wd. defeat our object. Must resist it.

If A.E. pressed this to a Division and any of our people supported him we shd. be in a jam.

R.S.C. This wd. increase the charge : in so far as it involved calling them up sooner than they wd. otherwise be. Out of order?

A.B. Doubt it : for Bill doesn't require Govt. to pay Service men.

P.M. Wd. this be attractive to our people?

A.V.A. Some indic^{ns}. it might be.

P.M. He is prob. only forcing a declⁿ. tht. there will be ample warning to enable people to make their plans – esp. students and apprentices.

G.A.I. We shall be able to give proper notice if we know early enough what size of Forces is to be. We can't keep changing the notice once given. Can guarantee 3 months' clear notice and possibly more.

H.M. Wise to give all assurances we can.

H.D. Cd. we also say that administratively it can be arranged that Univ. student can put his Service in between school and University?

G.A.I. Yes.

5. Board of Trade Enquiry. [P.M. (prompted by H.M.) asked that this shd. not be recorded.]

P.M. Stanley may mention Ministers' names.
Shd. action be taken by Ministers
Don't want a procession. Nor a doubt.

J. Dilemma. a) If they give evidence, headlines and false imprisonment.
E.g. S-G. and Hall. Mixes them up with dirty case.
b) If they don't, will be said they don't answer the charged.
I advised Att. Genl. to say, at end, names mentioned : all ready to come if you wish : but you may think it unnecessary. Chairman might then say nothg. wh. calls for denial by them, : unnecessary to trouble them.

R.S.C. Agree. Essential tht. Chairman shd. say it.

Agreed.

6. Licensing Bill.

C.E. Stated existing law.
Embassy has become bottle party. Circ's remain a club.

Most bottle parties under D.R. under wh. Police have discretionary powers.

73 shut and no successful appeal made.

Provisions of Bill.

Enquiry since earlier Cab. No problem outside centre of London.

Hampered by Press statement – Fri. evening. And articles in Ev.

Standard. implying tht. I was going to make concessions.

I now have support of Temperance movemt. on T.C.P. part of Bill. I shd. lose tht if I made concessions on night clubs.

Any club can now apply for extensions. Closing of bottle parties wd. prs. lead to increase in such appl^{ns}. fr. restaurants and clubs. Embassy might now want to change back to being a club.

Suggest we shd. at this stage stand on Bill as drafted.

J. On earlier occasion I explnd. request tht. we had gone into this and

a) Think Police shd. have complete powers of control.

b) But unreasonable facilities for the young to dance.

c) Travel Assocⁿ. Want to encourage tourists. Don't want to give impression tht. London is dead.

But discussed Friday. Shocked by leakage. Made it the more difficult to go back on the Bill.

H.O. official put up plan : instead of “special occasion” you cd. have a provⁿ in areas designated by H.O. Police shd. be empowered to grant extensions much more regularly. That scheme I agreed to because wdn't involve w'drawing anything from Bill : wd. be added to Bill.

Now Bill published, that is best way out. That is propⁿ to wh. I agreed. Hope C.E. will agree.

P.M. Why can't they now?

J. Only “special occasions”. Give Police a much wider discretion.

P.M. What is size of problem?

C.E. Special extensions are frequent outside Ldn.

P.M. Why shd. these few (4 or 5) bulk so large in tourist traffic?

C.E. Agree tht. extension of “special occasion” extension, w'out legisⁿ wd. solve this.

R.S.C. Politically impossible to alter Bill now.

But good thing if means cd. be devised of enabling restaurants and clubs to keep open for late dancing pretty well all thro' the week.

These places will all have to become clubs.

W.W. Must do this, if at all, by administration devices.

P.M. Doubtful about urging more concessions on “special occasions”.

There is some economic point in this – cp. our interference with working class sports. Also, if it became widespread, it wd. keep the neighbours awake. Nor is it good for people to dance until 2 am.

Agreed : leave solution to administration!

1. Parliament.

[Enter W.W.]

H.M. Business for next week.

A. H/Lords business. C.D. and N. Serv. Bill both to be finished by Thurs.
Awkward but will manage.
Milk Bill may cause trouble.

P.M. Defeat of Govt. in H/L.

A. 15 or so went out rather than support Salisbury.
We mustered 30. Mght. have bn. worse.

[Exit W.W.]

2. Currency Situation in Berlin.

E.B. Purpose of this memo. is only to get plan ready.
When first came up favoured D – to avoid provoking R. Now they
have split Berlin, we shd. prefer a tidier scheme.
Told Cadogan to see N. Robertson to say we were forced into this
unless 6 likely produce accept^{able} scheme. He thought precipitate
action wd. have unfav. effect on Sec. Council. We have therefore held
back.
But U.S. want to announce early – even tho' scheme not complete.
Believe we cd. wait until N. Year. Cttee of 6 to report by 31/12
Divergence not too wide now. Tass report a scheme we cd. have
accepted in Berlin disc^{ns}.
Seems to be some will to settle.

R. wdn't hesitate to put our stooge Magistrate if they got settlemt. of
this.
Still playing therefore for time.
French are also inclined to be cautious.
No action at this stage except indicate to 6 this sitⁿ is arising and hope
they will report by 31/12.

R.S.C. Germans likely to support D. If they do Genl. Robertson cd. get U.S. to
accept it.
We wd. prefer D. But are content to leave it to Mil. Govrs. to settle.

P.M. U.S. are pressing us to (Tel. 727) make immed. statement to 6.

E.B. Can't be rushed. Must consult Berlin people.

R.S.C. Will take 3 wks. to settle betwn. C. & D. : make prep^{ns}.

C.J. Will Fr. agree with our line?

E.B. Yes. It's U.S. who will make diff^{ies}. They want to burn boats.

Agreed.

3. India : Kashmir.

P.M. Situation looks v. grave. Liaquat telegram – if Indians continue pressing they must actively resist.
Bellicose Indian speeches. Claim they are recovering ground lost in early Pak. attacks.

A.V.A. Diffy. to establish true intentions of India.
Change of command in Indian Army not helpful – new man is vainglorious and difficult. Nye won't have so much influence.

A. Independent arbitrator?

P.M. Delayed by illness of Marshall.
M'while may have a flare-up. And R. may intervene.

E.B. Thro' Afghanistan prs. – not directly thro' Pakistan.
Signs of R. coquetting with Afghans.
If war started Afghan raiders might get R. support, and beginnings of civil war as in China. Gt. temptⁿ to Afghans.
Nothing I can do at this stage. [Enter Service Ministers

P.M. Nor I - w'out being thought to be supporting one side or another.

E.B. Administrator of plebiscite – doubt if U.S. Govt. will allow chosen man to act. Won't want to burn their fingers.

4. Naval Exercises in Mediterranean.

E.B. Heard Home and Med. Fleets mtg 7-9 March at Gib. for exercises.
Wanted U.S. ships to join them – now in Med – for joint exercises.
Routine exercises now. But Gib. exercises wd. be on danger scale.
Asked if I see any pol. obj^{ns}. I see none.

H. Amplified. Suggⁿ. only. Hasn't yet bn. broached with U.S. Admiral.

P.M. What of bringing some Fr. ships in also?
No pol. objⁿ.

A.V.A. Wd. like to discuss with C.O.S.
Might set awkward precedent.

P.M. V. well. Discuss with C.O.S. and bring it up again.

5. Armed Forces : Pay of Women's Services.

- A.V.A. Cost - £900.000 at present. For target strengths £1.300.000.
This = pay at 4/5ths W'out terminal pensions and payments.
- R.S.C. Total: £1.500.000 at present. “ £2.500.000.
- A.V.A. Diff. to estimate that figure.
Women's Services now fully integrated and permanent. They will want treatment comparable eg. with Civil Service (4/5th).
At last review cdn't agree on fixed ratio. Ought to now.
Glad tht. R.S.C. isn't so firm on original line against fixed ratio.
Terminals : won't arise for 10 years : don't know wastage rate : but illogical not to apply same fixed ratio principle to pensions as to pay.
For men, pension is related to pay whatever his family commitments.
- P.M. Top of p. 2 – (4). Why does 4/5ths (1 not 2/3rds) imply same work?
- R.S.C. Because 4/5ths throughout Govt. Service implies equal work. And then equal pay cd. not be resisted later.
There is diff^{ce}. betwn. men and women in Services because no use of lethal weapon. R. Commⁿ. on Equal Pay made that point.
When equal pay has to be conceded, hope there will still be differential.
Compare war-time women's pay with present proposals. See how large the increases wd. be (4th column) esp. in higher ranks. And pensions [Enter N.B.
also. Tremendous increase. Much bigger than anyone has had.
Repercussions on nurses. Not as highly trained. Nurses in Forces will be much lower paid. Wd. demand increase – wd. have to be conceded.
Then wd. have to grant it to civilian nurses.
And so on.
Spectacular increases will attract attention.
- P.M. Why do you swap over arguments. Use of weapons at lower levels.
Responsibility at higher levels.
- R.S.C. I wd. have preferred special scale.
I am illustratg. now obj^{ns}. to fixed ratio – in relⁿ. to higher ranks.
Pensions – new idea. 4/5th of men. Men's pensions are based on pay includg. marriage allowances – and reflect family commit^{mts}.
Col. may retire at 45 with pension of £600. A woman wd. get £500.
Cd. you justify that? Can't have family responsibilities.
A pension system must be related to realities, not merely taken at 4/5ths of men.
- A.B. Nonsense anyway to pension people at 45 at £600.
- R.S.C. Even if you adopt 4/5ths for pay, it shd. be no more than 2/3rds 3/4ths for pension. Of 2/3rds for pay and 1/2 for pension.

Sums wd. come out of Def. Estimates.
2/3rds cost of £½ m. and £1 m. (on target strengths).

- H.D. V. small nos. of high ranking officers : and to meet their case you create all these repercussions.
- A.B. Any evidence tht. recruitment is hampered by low pay?
- R.S.C. No. But agree they must have some pay increases.
- A.V.A. They are v. far below target – in A.T.S. anyway, and W.A.A.F.
- R.S.C. But no evidence tht. my proposals wdn't be enough on that point.
- P.M. Comparability of work?
- A.H. 70/80% of R.A.F. are tradesmen in uniform.
Since R. Commⁿ on Equal Pay we are workg. on complete interchangeability on a 1/1 basis. Diff. therefore to resist fixed ratio. at something like 4/5ths.
Size of increase. No more than on new Pay Code 1946. W. Commr. then rose by £250 and Grp. Capt. by more.
- H. In R.N. no sea service. Some ground work for Air Arm. But most are clerical, cooks or stewards.
- G.A.I. Reaction on industry. 3/5ths now on average (10%). The unions will press for 4/5ths. At same time will be criticised by Equal Pay.
Much bigger increase than that obtained by women in industry.
Reaction on White Paper.
Prefer increase by amounts rather than fixed ratio.
- R.S.C. 4/5ths ratio in C. Service doesn't apply to industrials. And much work in women's service as comparable to industry rather than adminⁿ.
- A.B. Repercussions haven't bn. discussed with all Dpts. affected.
There really must be machinery for that : w'in public sector, and effect on general economy.
Cabinet can't consider these ques.
- A.V.A. Can't continue to resist pressure. For 2 yrs. this has bn. dragging on merely because of diff^{ies}. of just these repercussions.
- P.M. What is the case as between 2/3rds and 4/5ths?
- E.Sh. 2/3rds wdn't give enough – in lower comm^d. ranks wd. involve some reduction.

Comparability. Gt. bulk of A.T.S. on clerical work : but side by side with male clericals – prob. more efficient than men! Cooks are prob. better than men. Why shd. they get only 2/3rds of men's pay. Steep increase for colonels but only 2 of them.

E.B. Taking allow^{ces.} in kind 2/3rds wd. give only £3 a week. Not v. high.

N.B. Paras 3-4 of A.V.A.'s memo.
Services aren't getting recruits.
They are giving good value.

R.S.C. Pensions wd. be a draw. How much pay increase as well?

J. Can't assume comparability. eg. no sea service in W.R.N.S.

A.V.A. Police : ratio is 10/11ths.

H.M. Drifting into trouble over Equal Pay.
We accepted the principle on the basis – not now, but some day.
Some day is coming. Here is a bit of it today.
On this – all agree some increase shd. be made. But fixed ratio is troublesome well below Brigadier – even Captains and W.O.'s wd. get big increases. Their responsibilities are not as great.

A.V.A. They are much greater.

H.M. Only in admin^{ve} jobs.

A.W. Can't we have special scale? Family commitments of men.

R.S.C. Think special scale wd. be better theoretically. Agree, however, that they must have fixed rate. because of emotion aroused on this.
Believe 4/5ths wd. cause trouble in repercussions.
Wd. take $\frac{3}{4}$.

P.M. Cd. you announce as amounts, tho' fixed on $\frac{3}{4}$ ratio.

R.S.C. Wd. then lose the psychological benefit of now having the "Cripps" scale.

E.Sh. The women will know quick enough it's $\frac{3}{4}$.

P.M. Then what about 3/4ths?

A.V.A. Criticism from women in Labour Party. But we must face that.

Agreed : at 3/4ths ratio to men.

R.S.C. Pensions. Women will be v. well off and will
provoke demand for increases for men. [Exit Service Ministers.

Exit E.B.

Favour therefore not more than 2/3rds. ratio for pensions. Agreed.

G.T. Favour 50% rather than 2/3rds.

Agreed. Pay at 3/4ths of men.
Pensions at 2/3rds.

6. Economic Affairs.

R.S.C. Charts. Shall I send them round at intervals?
Innovⁿ. welcomed.

R.S.C. Meat fr. Argentine : not being shipped under contract.

J.S. Not much over 10.000 t. a month vice 40.000 t. to fulfil agreemt.
Wd. now have to ship 50/60.000 to overtake arrears.
Choice : a) early rep^{ns}. v. breach of Andes agreement the ???? to
default on our side.
b) wait for negotiations.
I favour a) : tho' it involves risk of break and sharp cut in ration.
Not yet ready to say what cards we have.

R.S.C. We haven't any. Stock of meat was to have bn. our bargaining counter.
That, doubtless, is why he is cutting deliveries.

H.W. He has swindled all thro'. I favour early rep^{ns}.

R.S.C. We cd. say we cdn't discuss long term contract at all while this default
continues. He wants such a contract.

H.W. We cd. look at our exports. Might suspend some. Quick review.

J.S. Trying to get all our contract maize to us quick because price is above
world price. Cd. we say we won't go on taking that?

R.S.C. A rough house with him : but quick.

A.B. Threaten him with publicity, as a swindler. [Exit H.M.]

H.W. Argentine desire to pose as 1st class nation.
Cd. we tell Peron tht. Miranda is letting him down?
And we shall tell the world.
Then others won't do business with them.

R.S.C. Best approach is from E.B. to Bramnglia.

G.A.I. Publicity anyway before we cut meat ration.

Agreed : E.B. to send such a message as at x/.
B/T. and M/F. to work out at once what breaches
can be alleged v. them and what pressures we can
apply.

Production.

- R.S.C. How is open-cast going?
- H.G. Delayed for machinery to settle access to land. Must get quicker action.
- T.W. Awkward for farmers.
- C.E. Deep mined coal : cd. we get more if better feeling among men?
Is there slower working for political motives?
In view of what we said 2 yrs ago. it's diff. to justify present rate of output.
- H.G. Comm. leaders have bn. careful not to discourage prodⁿ. But our people believe it's going on at lower levels.
But not so much a factor as absenteeism. for sickness – since introdⁿ of higher benefits under N.H. Service. O.m.s. [sic] satisfy. but offset by that.

Agreed M/L. and M/N.I. to initiate a study of this ques. in relation to all industries.

- A.B. Housing.

P. 3. 19,701 houses completed in October. Mis-stated in report.

External Trade.

- H.W. Nov. in value highest ever. In volume 150% over '38 = target.
5% higher than July record in terms of output p. working day.
Indicates export is not tailing off.
- R.S.C. But tendency to sell more to soft than hard. No inroad on dollar deficit.
Also spect. diff^y over gold paymts. for Belgium and Switzerland. May have to pay £39½ m. in gold to Belgium in 1949.
Open market in Belgium, but we can't sell there.
- A. More to Canada?
- H.W. Engineering mission reports tht. those might be doubled.

Balance of Payments.

R.S.C. Nov : large deficit (46 cpd 22 m). Due to a) India's heavy drawings. b) Heavy imports to U.K. Latter seasonal.

Total dollar expend. this quarter is below p'mme so far. Para 24, if realised, means we shall turn out lower.

Total gold and dollar deficit is running below p'mme – on wh. we forecast claims to E.R.P. 4 m. less in 1st 8 wks : and 93 m. less in prev. quarter.

Still havg. to sell gold because delays in E.R.P. paymts.

Terms/trade : slipped back v. us. Because higher prices under new contracts. Looks like tendency to decrease in some important world prices. Truman may try to bring some down. Harriman wants us to reduce export price of coal. Retail prices won't fall much.

Wages.

Engineering repercussions have now worked themselves out. Now in a stage of apprehension.

Transport and agriculture. Hope a negative result will be achieved on the latter.

G.A.I. N.U.R. reached agreemt. earlier in 1948. Urge new claim to part of that. Rlways made interim offer of 2/= all round. Others accepted. Figgins wouldn't : has so informed us. We have replied : is he asking us to refer to Tribunal as interpretⁿ of Agreemt. or breach. If he agrees with former may get it to Industrial Ct. vice Arbitⁿ Tribunal.

Relaxation of Controls.

R.S.C. Will Dpts. responsible notify me of controls relaxed so that I may include a para. on this in my next Rpt?

Balance of Payments (cont'd).

H.W. The nearer we get to a total balance, the more countries grow "hard". Must therefore be v. large favourable balances somewhere. Can Ty. let me know where, so we may guide exports away from those countries.

R.S.C. Yes – at end/quarter.
But clear we are tending to send to v. soft countries, unrequited, and less to hard countries. Believe this is part of change-over from sellers to buyers market?

H.W. Ty., last time we enquired, said no need to divert exports. Believe it may be diff. now.

- R.S.C. O.E.E.C. and Eur. Paymts. Agreemt. has effect tht. we can't w'draw fr. some of the places fr. which we shd. otherwise like to w'draw.
- A.B. Trouble fr. bilateral rigidity.
- H.W. O.E.E.C. is leading to more unrequited exports.
- A.B. May have to switch creditors.
- C.J. Diff^{ies.} with Switz – due to tourists?
- R.S.C. Yes : shall have to re-negotiate and reduce tourism.
- Must remove m.f.n. resl^{n.} on tourist allow^{ces.}

1. Argentine Meat.

E.B. Took this up – asked for no publicity m’while. Now, this a.m., all over the Press.

R.S.C. Will look into this point.

2. Indonesia.

E.B. Dutch For. Minister has bn. out. Heard Thurs. complete b’down was likely.
Telegraphed to Nehru and Holland. Drafted telegram to Chifley. Not sent (? any of them). Believed a chance of getting Republic in to Federal Govt. While I was labouring this, Dutch stabbed me in the back by issuing communiqué.
I laid off all my prep^{ns}. Thought Republic cdn’t be persuaded in teeth of that communiqué.
Dutch lines are being ???? – they will be forced to Police action soon.
Means civil war.
Means S.E. is becoming ripe plum for Russia.
Rubber, tin etc. are threatened – will ruin our b/paymts. thro’ loss of dollar earnings.
Our Amb. in Holland now says this mayn’t be last word – and suggests we make modified rep^{ns}. to Republic. Similar message fr. Batavia.
Will therefore try to remedy situation.

Agreed : E.B. to make a last attempt.

3. China.

E.B. Clear tht. only country wh. cd. help China = U.S. And looks as tho’ U.S. have now written them off.
Little chance of Chang Kai surviving.
Will successor Govt. be Chinese Comm. or R. dominated? A fair chance that, outside Manchuko, they will be Chinese. Mustn’t therefore hang on so long to old tht. we lose chance of influencing the new. Our interests are v. large.
Effect on contiguous and neighbouring countries.
Diffy. of getting united front –

a) India/Pakistan troubles leave E. Parkistan open to Comm. influences from Burma. Can’t get them into conference on this ques.

b) Cdn’t get I./Pakistan to meet in conference with France because of Indo-China. Fr. Parties, due to diff^{ies}. in France, are unable to face

Indo-China problem. Think of sending Dening to Paris to see if we can get Fr. to come out with bold approach to Indo. China problem. All I can do is to get Macdonald to see Powers in S.E.A. one at a time and urge measures of defence v. Comm. Get C.R.O. to approach I./Pak.

- H.M. Pessimistic about R. influence in Asia.
In Asia R. has moved into tepid war.
Uncertainties of Fr., U.S. policy etc. mean tht. events move on to point at wh. nothg. can be done.
V. serious if this is beginning of R. dominⁿ of F/East and S.E.A.
Not only because of defence, but because of trade.
Hong Kong and Shanghai – may become another “Berlin”.
Shd. we not have organⁿ to ensure we aren’t out-manoeuvred by R. in F/East? As we have O.E.E.C. etc. for Europe.
A. and N.Z. vitally concerned.
Cd. we not get organⁿ with U.S., France, Holland, A. and N.Z. to review situation and hammer out a policy?
- P.M. Trouble has bn. with narrow minded Colonial outlook of Dutch.
French much the same over Indo-China.
Diff. therefore to get them to march with A. and N.Z. – still more I./Pak.
Diff. constitutional issue raised now by India. Warning.
On genl. line of this memo. I agree – no alternative.
- E.B. U.S. cut us out in F/East. Now are dropping it. Their mess.
- A.V.A. No doubt tht. sitⁿ in Malaya and H. Kong will be directly affected.
Friendly relations with victorious Comms. may help us – wish I cd. be sure. Various indications of tie-up with Russia.
Chinese popⁿ in Malaya and H. Kong will become more diff.
Recommⁿ (ii). We have recent apprecⁿ by C’s-in-C. F/East: now under consⁿ by C.O.S. M’while, what to do over Shanghai.
Telegram fr. Naval C-in-C. : saying strong feeling aroused by announcement (F.O.) tht. we wd. not send any troops. His plans do provide for mil. support.
2 cruisers in China seas. 2 destroyers. 4 frigates. [Enter E.Sh.
1 Austr. cruiser.
2 batt^{ns} and F.A. regimt. + 5 flying boats in H. Kong. Considering fighter squadron or less fr. Philippines. Gurkha battⁿ sailing from Singapore.
- A. For defence of B. lives and property only.
Discontent of Ch. peasant. But unlikely to adopt new faith.
Wd. accept protⁿ of anyone against robbery.
At Comm. mtg. Fraser was doubtful about Fr. or Dutch support. But wanted Comm. countries and U.S. to consult. And get U.S. to settle Japan. Much easier then to get common front v. Comm.

- Press therefore for early action on Recommⁿ (i) confined to Comm. countries and U.S.A.
- E.B. Don't press U.S. too far lest they w'd draw from Europe.
Gt. opportunity missed when I got Byrnes to agree to U.S. and Comm. countries on F/East under cover of talk about Pacific Islands.
But Evatt stabbed me in the back.
- R.S.C. Kuomintang have driven all Third Force elements out.
Liberals will therefore collaborate with Comm.
Will prob. not be offensive to for. industrial interests in early stages.
Won't be economically dominated by R.
Too big an area and too diff. a psychology for R. to intervene directly.
Agree therefore we must keep contact with these Comms. and prevent their getting close to Russia.
Immed^{te} situation. a) Encouraging B. interests to stay. Must be careful how we do that. Claims to compensⁿ. Heavy ones already from Shanghai. Shd. prefer conclⁿ : we shd. not discourage them fr. staying.
b) On Recommⁿ (i) I wd. not bring France and Netherlands in at present. (E.B. I agree : wd. see them separately – and ? later.)
- C.J. Refugees to Hong Kong.
Can't stop them coming in by sea.
If any I.R. Orgⁿ is to help, we shd. prefer they shd. do it outside H. Kong.
Many Comms. in H. Kong. Wd. be trouble with them.
- R.S.C. We mustn't appear by action in H. Kong to be associatg. ourselves with Kuomintang elements.
- C.J. Risk of Comm. infiltration thro' Siam to Malaya.
- J. Need to get strong Govt. in Malaya and H. Kong.
May be some fortificⁿ will be necessary.
Hope no time will be lost.
- C.J. Govts. cdn't be stronger. C.O.S. have every confidence in Govrs.
- A.V.A. Early consultⁿ with U.S. and Comm. countries re protⁿ of strategic interests.
- R.S.C. But won't do if U.S. try to go on supportg. Kuomintang. Mustn't encourage them to that sort of line.
Don't want Kuomintang to take refuge in Formosa under U.S. protⁿ.
a Liberal Govt. there wd. be another matter.
What we want consult U.S. about is our concerted attitude twds. a Comm. Govt. in China when it emerges.
- E.B. Agree. Will instruct Franks to approach them on this.

- T.W. Local co-ordinator on Killearn model? Won't it be wise to do that now – to co-ordinate prep^{ns.} of Govts.
- E.B. Macdonald's organⁿ in Singapore is effective enough.
May have to send someone out to handle refugee problem. My diffy. is that I can't find good men. Might get Tucker out of I.R.O. or Jackson, now available from U.N. Will speak to E.E.B.
- P.M. Close consultⁿ with Comm. countries.
- R.S.C. Start with U.S.
- H.D. Separate but simultaneous?
- E.B. Propose approach U.S. first.

Recommⁿ i) U.S. first. }
 ii) C.O., A.V.A and F.O. to consult } Agreed.

4. Acquisition of Land and Buildings by Govt. Depts.

[Enter Key and King

- R.S.C. Made explanatory statement.
Complicⁿ of valuation function in view of T. and C. Planning Acts etc.
Crown Lands have on this a/c asked D. Valuer to act for them – and that largely concerns agric. land.
Examples of diff^{es} a) M/W. paid £1.500 – though D. Valuer had agreed it with owner at under £900.
b) M/W. bought at £150 p. acre. We had to acquire next site and bought at £90 because we knew fr. Death Duties tht. this was enough.
c) M/W. £145.000 existg. use. We got D. Valuer on to it and we put it at £80.000. Don't know wthr. they succeeded in buying.
d) M/W. works distinguishg. between D. Valuer figure and figure at wh. they thought they cd. buy.
Raise v. grave ques. in keeping down values and restrictg. developmt. charges.
My plan wdn't involve delay.
- P.M. What of your work on rating and C. Land Bd. work.
- R.S.C. Extra load = only 2% (presumably load of other Dpt. work).
We have to make valuation anyhow for developmt. charge. We shd. have to do it twice.
- A.V.A. Must acquire large amount of land under W. Paper w'in small time.
- King Manchr, Sheffield, Leeds and L.C.C. want to do own valuation. We want to get them in. Embarrassing if Dpts don't come in.
- T.W. Ty. case on urban valuat^{ns.}

Ag. + forestry. Ty. memo. doesn't arise because based on C. & B. grounds.

Argument doesn't apply to rural land.

We have to keep prof. staff. To exclude them fr. acquisition wd. be waste of skill. Ty. case may be good in theory.

My officers have to supervise use of land and acquire as necessary to ensure good use. Specialised knowledge, not available to D. Valuers. Land Service, supervising estate management. Specially experienced in rural land, and forest land. Ty. have given carte blanche subject to limit of £5 p. acre. No complaints.

For cheap and easy acquisition rely on existg. service.

D. Valuers haven't this experience of rural land.

Examples. a) Land requisitions and farmed by us for 7 years.

We can tell better than D. Valuers what we shd. pay for it.

b) Romney Marsh. Agric. Land Commⁿ asked to recommend. They wd. be best people to assess value of it.

We have power to put occupier under supervision. We therefore have the knowledge.

Univ. and Colleges wd. oppose any change of procedures. So, I believe, wd. local auth^{ies}.

E.Sh. Ty. argument points to consultⁿ not absorption of function.

M./W. examples cd. be prevented by consultⁿ.

No W.O. examples were quoted. Reason : we get a low price because familiar with procedure.

We have few developmt. value cases.

My genl. case is same as M/Ag. Staff of skilled valuers. If we cd. dispense with them then wd. be economy. But we can't – for a) estate management. b) acquisⁿ of land overseas.

Delay. no doubt tht. new duties apart, D. Valuer wd. involve delay because he wd. have to consult W.O. corr^{ce} will pass etc. Quicker if Dpt. continued to handle with consult^{ns}.

No assurance our work will get priority.

Sympathise with objectives i) co-ordinⁿ ii) avoid excessive prices. But this scheme isn't necessary for either purpose.

Ty. say this addⁿ wd. be only 2% of D. Valuer's work. If so, leave it to those who can best handle it.

W.O. aftermath tasks. At least let us finish these.

Be content with consultⁿ which Dpts. have offered.

C.K. Favour arrangements for consultⁿ.

Ministers asked officials to work out scheme of consultⁿ. But Ty. won't accept the scheme which was worked out.

My people cd. work on same principles as D. Valuers.

Unfair to put in terms of money totals : it's no. of sites eg. G.P.O. requirement for large no. of small sites.

Delay : already had to wait 3 mos. and more for replies from D. Valuers.

Over centralisation is bound to delay acquisitions.

Wiser course : allow 2 years or so best of consultⁿ system.

- King Support R.S.C.
Vital to us. Land Bd. seekg. to m'tain existg. use value. If anyone breaks that ring, lose whole Act and Fund of £300 m.
M/Ag. tht. rural land hasn't developmt. value. In fact most land does and M/Ag. valuers haven't realised it.
"Good will of owners" (M/W.) lets cat out of bag.
- C.K. Not on price. Our Act assumed l.a.'s wd. work thro' D. Valuers. They want that provⁿ removed. Can't w'stand them if Dpts. contract out.
One wrong valuation will affect all land in one area.
- H.M. One or two questions –
(a) Will this Ty. plan achieve staff reductions? Can Ty. estimate it?
- R.S.C. Impossible to estimate. If estate managemt. is only function Dpts. shdn't need so many men.
- C.K. I am advised tht. we cdn't dispense with any.
- E.Sh. So am I.
- R.S.C. There must be less work to be done.
- H.M. (b) Is the 2% a figure of transactions or of values.
- R.S.C. My calculⁿ based on values.
- H.M. (c) Some Dpts. have used Valuers. What is their experience?
- H.W. We use them : have no complaints : but volume of work with us is small.
When I was at M/W. I thought D. Valuers were empire building.
And don't see how tht. work cd. be cut out of M/Works.
- P.M. What of M/W. argument tht. negot^{ns}. shdn't be interrupted.
- R.S.C. Always is thus interrupted in private negotiations.
Valuation is a separate task. Main qualifⁿ is widest knowledge of values. And D. Valuers value all land in U.K. once in each genⁿ – for Death Duties.: and must be notified of all private sales.
Everyone agrees to consultⁿ. But what does tht mean in practice?
Diffy. is, not in laying down principles, but in applying them.
The D. Valuer either doesn't look at property or goes out and does his own valuation.

- If second course, that valuation must be final.
- E.Sh. Small independent Cttee. No hurry. We can't be sure of facts.
- T.W. Support that.
Don't accept Ty. statements about superior competency of D. Valuers.
- A. My sympathies are with Ty.
Estate managemt. has nothg. to do with this.
The best knowledge of values, urban or rural, is with D. Valuers.
Shd. be absorbed – with arrangemts. to avoid delay.
- C.E. Support Ty. – for Dpt. and l.a. experience.
H.O. use D. Valuer for own work and for checking l.a. estimates.
Wd. like to know why M/Ag. says tht. Co. Councils wd. resent nos. of D. Valuers for small-holding purposes. V. Much doubt that. Co. Councils trust D. Valuer more than Agric. organ^{ns}. which reflect views of land owners.
Need to ensure that no add^l sums be paid in view of the £300 m.
- H.D. Support Ty. view.
- G.T. I took M/W. view when I was there. But when T. & C. Bill was going thro' Fear bottlenecks. Cd. we be assured it won't lead to that?
D.Valuer price must be ceiling.
- P.M. Can we be assured there won't be delay?
- A.V.A. V. important tht. Service Dpts. shd. do all the prelim^y work and hand over to D.Valuer only at last stage.
- R.S.C. Can't allow Dpts. to do preliminary negotiations – or they will compromise price.
- H.M. Want more informⁿ
a) Staff. If Ty. view accepted, we shd. insist on staff saving. If it were establ^d tht. there cd. be none, it wd. affect decision.
b) Any examples of Dpts. buying below D. Valuer's figure?
c) Delay.
Cd. an official Cttee assemble these facts?
- G.A.I. Supported H.M.'s proposal. H.W. and A.W. also supported it.
- A.W. Ty. have made their case in principle.
- P.M. Ty case establ^d in principle = Officials to present facts :
a) How will it work w'out delay.
b) Any other examples con.
- R.S.C. Different is what hurts, not higher or lower.

5. International Labour convention : Workmen's Compensation.

G.A.I. Old Convⁿ wh. we cdn't ratify before. Now we can.

C.J. Another – non metrop. countries – is now under discⁿ This shd. be related to that.

G.A.I. That will be ok. We ratify for U.K. only.

1. Parliament. [Enter W.W. & Service Ministers
H.M. Business for week after Xmas Recess.
2. Eire.
P.M. Consequential Bill on Eire – early in new Session after Xmas.
Take note for purposes of p'mme.
J. Simon's 4 questions.
a) Which office shd. handle Eire?
P.M. C.R.O. Status quo.
E.B. Danger of Irish votes.
P.M. Haven't finally decided to give them the franchise.
E.B. Keep F.O. out of Irish business as long as possible.
[Exit W.W.
[Enter Ld. Advocate
3. Army and Air Force Courts Martial.
J. Navy weren't represented on Cttee.
a) Legal member to retire and participate in decision.
b) Regular appeal in public hearing.
Diff. to argue not extending this to Navy. Propose therefore re-constitⁿ.
of Lewis Cttee to review naval procedure as a whole.
H. and A.V.A. agree.
This avoids putting Navy in posⁿ of rejecting the Rpt.
c) Status of pay of Ch. Judge Martial. Cttee equated to High Ct. Judge.
Dpts. have agreed to £3 – 3.500. salary. This will be criticised on
grounds of status. At the moment cd. get a man at this price : will be
easier later to get him at £5.000.
R.S.C.} The range for this job is much less than that of a High Ct. Judge.
H.M. } £3 – 3.500 shd. be enough for this.
d) Participⁿ. of legal member.
E.B. Shd. not Ct. Martial include privates?
J. This was considered and rejected by Cttee.
P.M. V. short notice. Haven't had Napier Rpt.
Many diff. points.
Wd. like to publish Rpts. and get public reactions before we decide.
This preserves discipline – hence officers only.

This elaborate procedure may do for peace – not for war.
 Not happy about appeal : broader review under existg. system wd. do greater justice.
 Will then be enough staff to man all these courts.
 What of war?

- J. Napier Rpt. recommends reverting then to appeal on paper.
- P.M. But it's in war tht. the trouble is likely to arise.
- J. May get more in peace because Nat. Service.
- H.M. Risk of being put into safeguards that won't help the accused.
 Elastic justice is more likely under existg. system. Ministers are free-er to take a human view.
 Parly. Procedure. Clauses in Army Act wd. be convenient. But that must pass betwn end/March and 30th April. Diff. to put this stuff thro' under those limits. Think therefore we may be forced to separate Bill.
- E.Sh. Why was it assumed this must be done in annual Bill?
 Agree with H.M.'s point on this.
 Ques. of appeal court is the vital ques. And that is controversial.
 Came up because attitude of Adm^y. I said my experience was more chance of justice under existg. system. Minister can take a/c of human consid^{ns}.; and can obtain advice on legal points.
 Believe existg. system is adequate, provided delays are removed. There is a case for other ranks being on ct. martial. But in practice he is afraid to go against officers. And officer more likely to be sympathetic to man that n.c.o. wd. be.
 Also diffy. tht. it doesn't apply to Adm^y.
 Prefer therefore to deal with small points and for the rest make no change.
- P.M. If you suspend this system in war, you will throw doubt on all war-time decⁿ of ct. martial.
- H. Two Cttees in inter-war years. Both came down on opp. side to Lewis Cttee.
 Estimated that 20% wd. appeal. But as now every sentence is reviewed. At Adm^y 42 a year in peace : and all reviewed.
 Service men in Parlt. will realise diff^{ce}. under ct/appeal system.
 Will know it lessens scope for review.
 We don't agree with appeal system now recommended.
- C.E. Politically, we are bound to follow Cttee's report.
 I believe existg. system is better. But that won't prevail against hysteria of H/C.
 Doubt if £3 – 3.500 will get right man. I can't get Met. Mags. now at £2.000 + pension for short service.

P.6 w'drawal of King's prerogative. How cd. that be done?
Prerogative is exercised on mercy. Appeal Ct. decides on law.

J. Power of Crown to modify sentence or grant Free Pardon wd. remain.

H.M. P.Q.'s wd. be excluded also.
That wd. cause hysteria on other grounds.

J. These are the arguments adduced against a C.C.A.

P.M. But mil. law is essentially diff. from civil.

A.H. Support Ct./Appeal. a) No right to take Service men outside jurisdⁿ.
of civil courts – esp. now they aren't all volunteers.
b) Experience at W.O. Somethg. unsatisf. In
present system. Rape or burglary : law of corrobⁿ is of vital
importance : 3 lay members of Council deciding on paper w'out
argument of counsel. J.A.G. is not enough to rely on for a man's life or
liberty. I advocated Ct. of Appeal when I was at W.O. Believe there
shd. be one, even in war, for pts. of law.

A.V.A. My experience shows gt. fairness under existg. system.
But justice shd. appear to be done. Believe tht. on mixed law : fact
Minister has heavy duty. Wd. welcome ct/appeal for those cases.
But believe that under this system many men will get less justice than
they do now.

P.M. Why not publish Lewis Rpt. and let public opinion express itself.
No need to express Govt. views at once.

J. No objⁿ.
We shall be asked what we have bn. doing since April.
We shd. have to define our attitude fairly soon.

E.Sh. We cd. say we have done some of the admin^{ve}. points.

R.S.C. Cd. J.A.G. hear counsel on diff. points of law.

P.M. Consider that.

Agreed : 1) Publish Lewis Rpt.
2) Extend enquiry to Navy.

[Exit A.H. and Hall.
[Enter Strang.

4. Germany : Occupation Statute.

E.B. As in memo.
Strang can answer ques.?

P.M. Is perpetual disarmament of G. intended? eg. Proclamation.

- E.B. That is for Peace Treaty, not this.
- P.M. “Just and lasting peace based on disarmament ...” Permanent?
- E.B. Can’t be : will have to allow some Army etc. in Peace Treaty.
- R.S.C. This phrase is declaratory, not decisive.
Art. 3(7) will govern the position.
Art. 1 gives all powers. There may be power to establish Armed Forces Reservⁿ preventg. that cd go into Art. 2.
- E.B. Agree : will instruct accordingly.
- A. Art. 4(9). Bizone (E.P.C. discⁿ). What dir^{ns} are contemplated?
- H.W. Art. 2(g) covers cartels etc.
- A.W. Does this settle G’s part in Europe of next 30 yrs?
- R.S.C. Reserved under Art. 2(2) to Occupⁿ Powers.
- E.B. But points the way.
- R.S.C. Form of reservⁿ of our powers is so wide tht. German Govt. won’t see what they can do.
- J. Agree : diff. to sell this to any self respecting Germany.
- A.W. Europe won’t get right w’out Germany. France isn’t strong. Are we going to deny ourselves G. strength in re-constructg. Europe. One day we shall have to take risk of allowg. G. to re-emerge.
An ally eventually against Russia.
That risk not as gt. as after 1918.
European stability rests on balance of power.
- E.B. Must watch risk of her siding with R.
Also can’t discount France. For w’out re-building her we are v. vulnerable.
Nov ’47 (because Comm. strikes in France) R. nearly got into France.
Don’t know which way G. wd. go. Too early to risk that.
But Germans are in control of much of G. trade and prodⁿ. Not doing it in a v. socialist fashion. But they have shouldered the responsibility.
Unless we retain control, we may get wrong kind of policy emerging in Germany.
My view has bn. cautious in handing over control to G.
- P.M. Any note of progression in this?
- E.B. Art. 24. gives that opportunity.

- J. Complete case for reservg. our powers. But don't advertise it.
Power of disallowance. You cd. do that quite briefly – rather than
prescribe all the things they can't do.
Doubtful if Germans will like form of this.
- E.B. U.S. and France (for diff. reasons) wdn't like too great an appearance
of freedom to Germany.
Will re-consider in light of Cab. comments : but doubt if I can phrase
all concerned.
- Wh. Doubt J.'s philosophy.
To give power and use veto will cause greater frustratⁿ.
- R.S.C. Real diffy. is Art. 2. V. wide.
- E.B. But (i) – (iii) are limiting.
- R.S.C. Means stranglehold. Can't you get same result without appear^{ce}. of
doing it. No suggⁿ of what G. can do.
- E.Sh. W.O. doesn't want too low a ceiling on Occupⁿ Costs.
- E.B. Will look into the drafting of Art II.
- A. Wdn't U.S. draft of II. 2.(b) be preferable?
- E.B. No: our version was devised to protect B/T. and Ty. interests.
- P.M. Art. II reserves (a) directly and completely.
In the remainder you want to reserve only the right to control for the
purposes there specified.
- E.B. Will consider that.

1. Indonesia.

[Enter G. Walker, Freeman & Stevens.

E.B. Recited history from 1945 onwards.
Recently have left it to Cttee of good offices appt^d. by Security Council.
Dutch For. Secy. told me he was going out to make final effort.
I warned him that if Police action were authorised serious trouble wd. arise.
Also met Bijl in Holland. V. frank talk. My line was – effort to settle.
Told a week ago negot^{ns}. had almost broken down – on incorpⁿ. of Rep. Army into Federal Army, passing in interim period under D. High Commr.
Republicans wanted retain it as private Army. Dutch cdn't agree.
We made rep^{ns}. at the Hague and here. But what Dutch were claiming was what you did over India. Urged therefore Dutch claim on this was not unreasonable : and messages sent to Austr. and India.

First re-actions not unfavourable. Art.a(?) not unreasonable. But I was then asked by Dutch to get it put in regular form. Wasn't aware there was a time limit : and my rep^{ns}. were too late. Dutch announcemt. of Police action was made.

Told Dutch they double crossed me.

U.S. have taken it to Sec. Council, with Austr. Support. Calling for a cease fire. But no firing : bloodless seizure of capital.

Denning and Cadogan instructed to support cease fire resolⁿ.

Ques of sanctions may be raised. Told Denning to stall on that, for I fear it wd. be empty threat.

Embargo has bn. continued throughout. Let up for a while during truce for clothes and lorry spares. Told my people to tighten up adminⁿ.

P.M. Asiatic Doms. much concerned.

They told us Pol. action was intended. We denied it, on assurances of Dutch.

They deny any intention of emigri Govt. being set up in India.

Regard it on basis of treatment of Asiatics by Colonial powers.

They and Ceylon propose to give no port or airport facilities to Dutch.

Menon's message fr. Nehru : hope we won't stay neutral on U.S.

resolⁿ. even tho' French and Benelux don't support it.

E.B. Don't yet know what resolution is.

P.M. Always has bn. a Dutch party wh. favoured strong hand methods.
Disturbed by report that Dutch are now united in support of it.

R.S.C. Communists have taken the other line.

H.M. Are there Comm. influences with Republicans?

- E.B. I doubt it.
- P.M. Stupidity of Dutch.
Can't prejudice attitude on resolutions we haven't seen.
- E.B. Hope a vote may be deferred until tomorrow.

Agreed : we can't support action of Dutch.
- E.B. Troubled by risk of reaction in Australia.
- H.D. Chifley has demanded cease fire, return of Dutch to previous lines, and early elections. 21st December.
- R.S.C. We can't refrain from supporting resolution moved by U.S. and Australia.
- G.W. S. Africa won't react quickly and may be reluctant to support Dutch. India will make trouble over mil. and economic aid to Dutch in the West – as helping them indirectly in the east. This point shd. be answered – eg. arms embargo etc.
- E.B. Dutch are resolved to go thro' with this.
- R.S.C. U.S. might face w'drawing M. Aid from Dutch.
- E.B. They threatened it before. Will they do more than threaten?
- A.B. Good thing if w'drawal of M. Aid were used for this purpose.
- R.S.C. Don't want U.S. to control Col. territ^{ies}. of all European powers.

2. Germany : Reparations and Humphrey Committee.

- E.B. Take note of background memo C.P.(48)306.
C.P.(48)303.
- Much trouble over rep^{ns}. Many of important plants are in Bizone.
Pressure from I.A.R.A. powers.
Long time to get live/industry fixed. Good level eventually agreed :
wd. give Germany a standard comparable to our own. Must however
be careful about war potential.
Congress carried Cl.115(f), however, wh. compelled Adminⁿ. to review
rep^{ns}. p'mme to see how it might be amended to assist Europ. recovery.
E.C.A. appointed.
Humphrey Cttee. proposals. Our modified proposals.
Thought U.S. were intending to propose expansion of G. steel capacity.
French cut up rough. U.S. saw red light.
Recommend action as in para. 2.

- R.S.C. Fundamental ques. Cardinal point = our attitude on G.'s place in W. Union. If we count on her as ally, max. industrial strength. But if we think it more important to keep industry to lowest point consistent with viability, we must take a diff. line. I wd. like first to have views of C.C.O.S. Must know first which leg we are to stand on. Eg. our proposals involve removg. all boiler making plants in Br. Zone. This is one of main bases of industrial strength. Which of the alternatives do we as a country think we ought to adopt – the Fr. or U.S. views. Where do we stand? 25% of all that is removed goes to Russia. We shan't get much of this.
- A.V.A. No view from C.C.O.S.
Our C.O.S. think a) danger of these plants being overrun by Russia. That is greatest menace because we can't stop R. advance.
 b) Importance of rebuilding W. Germany.
 c) Danger in course of b), of allowing aggressive G. to emerge.
Inconsistency of U.S. policies under s.115 and 117.
- R.S.C. How far do you want to use these plants to produce defence equipmt. for other W. Eur. countries? U.S. have overlooked this.
- A.B. I have bn. consistently opposed to dismantling. Have always thought it enough to control, by inspection, finishing ends of the trade. That wd. not interfere with basic industries. Stress on risk of falling into Comm. R. hands. The risk is just as great in France – probably greater. Fantastic to dismantle G. plants on that a/c. while we pump finished munitions into France. Importance of building G. economy to a point at wh. Comm. penetration can be resisted. Hence leave as much plant there as possible : send none to R : and ensure proper inspect^{ns}. in order to allay French anxieties.
- E.B. Agreement on level/industry : can't go back on that. This proposal is an improvemt. on that fr. German point of view. Boiler capacity : we shall have quite a few : Hitler got the capacity up to much too high a level. Principle tht. we shd. not build up G. faster than the countries they overran.
- P.M. Pari passu with Europ. recovery. Fr. and Benelux must be strengthened. But G. must come down to be in scale, fr. high Hitler levels.
- A.B. You cd. take part of current deliveries.

- E.B. I believe in control at finishing end. But Fr. believe opposite. Have bn. forced to stop discussing principles and handle it plant by plant.
- H.D. Can't do better than this.
Fundamental need is to keep G. weak.
Strong G. is worst neighbour in Europe.
Gt^{est.} risk is strong G. uniting with R.
Plants in G. more dangerous than in Fr. because they are further east.
The threat is not Comm. infiltration : it is R. military advance.
G. is still the greatest menace. Old G. "arrogance, insolence and self regard".
- T.W. Disagree in toto.
To keep G. weak may be good business militarily but not economically. Makes them readier victims of R.
Potential power of France to resist aggression – nonsense. Remember Chamberlain. And they let us down in 1940. And are much weaker today morally, let alone physically.
Leave G. with enough economic strength to assure reasonable standard of life and remain free.
- P.M. Balanced judgement. Weak and depressed G. might offer herself to Sov. Russia. To get her into W. Europe economy she must have some strengths. But if she gets over-fat, she will kick.
- E.B. 12 m. forced labour taken to build these plants while Europe lay prostrate. Far beyond anything needed for normal economy.
cf. R.S.C.'s line on Bizone p'mme for E.R.P. Was this consistent?
- R.S.C. Dilemma is too logical. No man cd. answer it.
My policy has bn. to bring G. into W. Europe, and to give them economy wh. wd. enable them to co-operate there. But I can't guarantee that they will behave in western fashion. Nor can you.
Signs already of nationalist revival.
Fr. analysis – Poucet? – people at Bonn will be assassinated.
On the facts : at 10.7 m. tons of steel, plants left for fabrication will give her better standards of living than ours.
- J. Support E.B.
Any policy involves risks. Which we take? At present, greatest risk is from Russia. Want G. strong, economically and happy. But E.B. can't pursue a policy in disregard of Fr. and Benelux anxieties. That wd. put strong card in hands of Comm. or de Gaulle in France.
- H.M. On the memo. E.B. shd. be supported.
We shall, however, have to face long-term policy re. Germany.
What do we want? G. more likely to be driven into R. arms if weak.
Desirable thing = strong, democratic Germ. actg. fully with W. Europe.
How can we ensure that? Wants working out.
Doesn't accord quite with H.D.'s view.

- A.V.A. Support H.D.
In negotⁿ. deal with this ques. Humphrey Cttee. line = so much war potential must be left that a little more won't hurt. But it is the marginal capacity that makes all the difference ques. security.
Hope therefore E.B. will get down to 117.
- A.B. Para. 2(ii) "if this becomes necessary to secure agreement". This, surely, is wrong emphasis. I want E.B. to leave as much as he can.
- P.M. Humphrey Cttee have disregarded security altogether.
- A.B. Maximum economic strengths, consistent with views of Fr. and Benelux.
- H.D. No.
- P.M. Consistent with safety.
- E.B. Also B/T. interests involved on some items. Things we cdn't do during war – can't leave G. in possⁿ. of those things.
We have paid 4.000 m. dollars to feed G. since the war.
- A. Can't be sure of lasting principles.
First, F.O. done well to push Fr. as far as they have.
Second, these plants represent capacity far beyond normal econ. needs. While we do our utmost to draw G. west, history compels not to forget character of the German. What confidence can we have in a strong Germany? Can't rely on them.
U.S./France poles????: this plan is a fair middle course.
- G.T. Don't forget treatment of Weimar Republic – we had to give to Hitler later much tht. we denied to them. Might have bn. better if concessions made earlier.
Inspⁿ. at finishing end was always intended by A.P.W. Cttee.
Policy must go this far, to level economic strengths. The discⁿ. we have bn. having really concerns the longer-term policy.
- H.W. We have agreed to this memo.
B. industry less keen on getting rep^{ns}. plant. Their anxiety is not to leave too much in Germany – esp. engineering industry.
But cdn't oppose U.S. on that ground.
- Memo. approved.
- [Exit Freeman :
[Enter Att.Genl.
3. Germany : International Authority for Ruhr.
- E.B. Discussions procdg. Want authority mainly for communiqué.

French outburst was premature – hadn't appreciated military safeguards.

Art. 18(a)(ii) – drafting change.

Art. 19. Re-draft of 11(b) on p.17.

- A. Para. 17 of memo. Final sentence. Why isn't it practicable?
- E.B. G. in isolation – can't single them out for internat^l ownership.
Wd. create awkward situation.
Also, who wd. own it? U.N.?
Sooner or later, functional developmt. in coal, steel etc. thro' W. Europe.
Detailed executive control by French. No output.
I therefore favoured control by inspectⁿ.
G. Will recover her dignity : then there will be trouble.
- A.B. Sugg^d. moratorium for 5 years : to get G. Govt. confirmed by 2nd election before it concedes this vast economic asset. Art.18(ii) won't protect us. These men were evil because they had power.
- E.B. U.S. wd. have liked it. But G. social democrats were bitterly opposed to it. Assumed we shd. undermine their positions.
Had hoped for Fr. support on socialisation. But they don't. They have shares(!).
- R.S.C. Method of operating G. Vote. What happens if it can't be settled?
- E.B. Won't hold up whole agreemt.
- H.D. Art. 12. We are in controlling posⁿ on voting. V. important.
- Att.Gen. Art. 24. default prov^{ns}. Whole ques of enforcemt (sanctions) is really left in the air. Suppose that is inevitable?
- E.B. Yes : will turn on applⁿ of principles of Byrnes' Treaty, as stated in communiqué.

[Exit Stevens and Att.Genl.]

[Enter Key and Marquand]

4. Census of Distribution.

- H.W. If not held in 1950, action cdn't follow in next Parlt.
Political diff^{ies}, however – as in memo.
P'ponement for one year wdn't solve these because shops wd. have had prelim. notice before election.
- Form is now so simple tht. it can't cause any trouble to small shops.
Strong Party and T.U.C. pressure for a policy on distribution. Can't have one until we know the facts.

- H.D. Don't accept that view.
- A. Not keen on this plan. Don't need the facts before framing a policy
Plan = unpopular census : then after 2 yrs. a R. Commⁿ : then a policy.
Not much popular appeal in that plan.
- R.S.C. This is 2 yrs. late.
- A. Put thro' Bill which requires this census to be taken.
That was based on unanimous report of Cttee appt^d. by Caretaker Govt.
We are concerned now only on time.
Labour Party have had no policy because facts aren't known.
Hampered by lack of such facts. For planning they are essential.
Other countries have this sort of informⁿ esp. U.S. – and we are at a disadvantage.
Unless we repeal Act and say we will never do it.
- A.V.A. You do need knowledge of facts w'in Party before policy is framed.
There is scope for economy, no doubt. But knowledge of Co-op^{ve}. and chain store figures satisfies me tht. there is no panacea here to produce miracles.
First thing to do is to get the facts. And under compulsory powers.
- H.M. If H.D. can frame a clear, attractive policy – I wd. prefer to avoid forms in 1950.
- E.B. Form is easier than Football Pools.
- A.B. Not inconsistent with Party Cttee. Doubt if that Cttee. will produce general policy.
Election will be fought on 4 year Plan. We shall have to say tht. if you will the end you must will the means. If we believe in Planning we must have the instruments for planning.
We have an easy answer to obj^{ns}. by shopkeepers.
We shall have to say why we p'poned. What reason cd. we give for 2nd p'ponement? That we fear Wormersley?
- H.D. The small shopkeeper is part of floating vote : don't want to alienate him in marginal constituencies.
Agree we must have census. But we don't lose by holding it in '51.
- R.S.C. Worst of both worlds. They will have preliminary warning in 1950.
And will be said we p'poned because of election.
- G.AI. Do this now.
Political blunder to wobble over this.
What is man power in distribⁿ? I must know more about it.
Wages Bds. must know whom they are covering.
- P.M. Electoral Diffy. a) This form might be confused with p'mme.

b) P'mme wd. be criticised as anticipatg. facts.

H.D. No general proposals affect. retail trade as a whole.

P.M. Cd. we p'pone for a few weeks, and study the forms.

Agreed : P'pone discussion.

H.D. R.S.C. and H.W. to discuss together.

5. Housing : Tied Cottages.

A.B. Cttee. of Party appointed to meet farmers' Unions rep^{ves}. On tied cottages.

I am asked to defend decision. V. diff. posⁿ. for me.

I want to invite their views on re-conditioning tied cottages.

Mtg. is fixed on 3/1/49.

H.M. Cab. have taken a decision on this.

Is that to turn on how Unions take it?

Agree we shd. let them know : but not invite pressure from them.